Prince Charles of Infair e. Queen Margrethe II of Pener and her husband Prince No. will attend a preview Ang and new British production of the hew Bruish production of the let" at Kronborg Castle in the mark, the British Embasy is (a) penhagen says. The play is (a) performed by the Renaizance he attree Company. Quentle grethe has finished a two far power of translating a trade of translating a trade of publication in September The els. by a jay presented. publication in September These els, by a law professor, Sigh holm, are a historical accept the Roman Empire.

Ofra Haza an Israeli pop in long celebrated in her namele has shot to the top of Westone hit lists with a catchy miner. folk and funk with Her single "Im Nin Ahr" ("It Grates of Heaven Chart). Gates of Heaven Closed topped the charts for three rejection

at of

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book

says litors

as ber

Rock stars Bruce Spines Sting and Peter Gabriel bent untered to perform in a our series marking the 40th angular of the Universal Declarate Human Rights, according to a nesty International The safe tour begins Sept. 2 at land Wembley Stadium.

Prince Ava 22 a gradus Emperor Hirolato, will begins year study of zoology at the University's St. John's College October, the Imperial House Agency announced on Frida

He looked like the typical to ican teen-ager, but the boy te ing a gyminashes presented New York State University of faio w 25 Slawek Walesa B. Failures in B-1B Design Walesa. He is in the United Se let a twi-moduli tour.

OTELS COLF SCOTLAND & LONDON 25.1 LSA in the state of th **RESTAURANTS** NIGHT CLES SWITZERLAND HEEK ISLANDS. R YUGOSLAVIA FOR SALEAWAYE

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page .

FOR MOR

NO ITALY 4743 : Der Criem SOOD USED REMISERS ANDARD SEN LEXILEY SHOPS

d Remarkance s Arm Love Hermes, Nepture Odyssevi THE CRUISES

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COST FLIGHTS ESS VOYAGES

CLASSIFE TO BE

> Business/Finance Four OPEC members are said

> to seek an emergency meeting on falling oil prices. Page 13.

Special Report Japan's exporters are on the

rebound, confounding experts
who did not expect them to recover so quickly from the yen's sharp rise. Personal In-Pages 7-10.

By Karen DeYoung

TEHRAN - Fight years of war,

isolation and a failing economy are

beginning to take their toll on fran's Islamic revolution.

The shooting down of the Irani-

an airliner a week ago, uniting the country again in nationalistic out-

panse in mounting public expressions of dissarisfaction, and has

overshadowed an increasingly

open schism between factions here over the war with Iraq, and the

But the halt is likely to be only

imporary. According to a number

of Western diplomatic and Iranian

sources, the pressures on, and with-

in, the regime are likely to resurface

quickly and multiply.

It is a political, social and eco-

nomic crisis," said a diplomat.

Things have been changing quick-

ly since the beginning of the year."

Among the events of 1988 have

been demonstrations and riots be-

ween supporters of conservative

and radical clerical factions. There

have been other reports of protests

against privileges to members of

The axis around which conflict

here is spinning is the death watch for the spiritual leader, Ayatollah Ruhollah Khomeini, 88, who is be-

lieved to be quickly nearing the end

of a long battle with prostate can-

cer. Although statements are issued

in his name, the ayatollah has not

On one side of the battle for

post-Khomeini power is the speak-

er of parliament, Hashemi Rafsan-

By Molly Moore

Washington Past Service

have revealed design flaws in the B-

1B bomber's electronic warfare sys-

tem that could prevent the fast,

sophisticated plane from ever achieving the full capabilities in-

tended for it by the U.S. Air Force,

according to a congressional docu-

The new problems could force

the U.S. Air Force to reroute po-

tential bombing runs over the Sovi-

Kiosk

Afghan Rebels

Bombard Cities

MOSCOW (AP) — Rebels have bombarded cities and

towns across Afghanistan with rockets and artillery in a wave

of attacks that killed or

wounded more than 150 civil-

ians, the Soviet press agency

Tass reported Sunday. In a report from Kabul, the

Afghan capital, Tass said that the attacks occurred over the

last 48 hours. It said pack ani-

mal caravans were arriving

from Pakistan bearing weap-

MONDAY Q&A

Donelas Ford, chief execu-

tive of the Hong Kong Fu-

tures Exchange, discusses

Sheltz said that returning refu-

gees to Vietnam must be an

alternative to their settlement

Senator Sam Nunn has offered

a defense agenda for the next

reform plans.

General News

in the West.

U.S. president.

Page 2.

ons for the guerrillas.

et Union to intended targets.

ment and Pentagon sources.

WASHINGTON - New tests

jani, considered a pragmatist and a

jani, considered a pragmatist and a relative moderate who reportedly crew killed in airliner. Page 6.

Said to Cripple Bomber

been seen in public for weeks.

the Revolutionary Guard.

revolution's course itself.

ESTABLISHED 1887

Israel

Objects to

Arms Sale

U.K.-Saudi Deal

Is Termed Threat

To Mideast Peace

By Glenn Frankel

Washington Post Service
JERUSALEM — Israeli leaders

warned Sunday that the multi-billion-dollar British arms agree-

ment with Saudi Arabia marked a

significant escalation of the Middle

East arms race and threatened the

region's already faltering peace

Prime Minister Yitzhak Shamir's

chief of staff, Yosef Ben-Aharon,

said at a conference of American

rabbis in Jerusalem that Britain

was pursuing its own economic in-

teresis at the expense of Middle

He warned that the Tornado

fighter-bombers being supplied by Britain would enable Saudi Arabia

to hit us in the soft underbelly

from the south, using the long arm

Defense Minister Yitzhak Rabin

refrained from directly criticizing

Prime Minister Margaret Thatch-

er's government but said at the

same meeting that the Tornado was

an attack weapon rather than a

defensive one. He said the transac

tion, which he valued at \$20 to \$30

billion, would further accelerate

the arms race in the Middle East.

Sunday, Israeli radio reported, for-

mer Defense Minister Moshe

Arens of the hard-line Likud bloc

independence in the production of

Another former defense minis-

ter, Ezer Weizman of the more dov-

ish Labor alignment, reportedly disparaged the Tornado, however,

Mr. Weizman suggested that Is-

weapons systems.

calling it a flying piano.

In the regular cabinet meeting

t is now acquiring.

In Tehran, Jet Loss

Iran's isolation and pressures for

economic radicalism ultimately

Mr. Rafsanjani is supported by

some senior ministers and a signifi-

cant part of the armed forces, as

well as the Council of Guardians. The majority of the council, which

NEWS ANALYSIS

it conforms with Islamic law, is

composed of conservative muliahs

private business community.
On the other side is Interior Min-

ister Mohammed Montashemi,

considered the head of "radical"

A former ambassador to Syria,

Mr. Montashemi has close ties to

the Iranian-backed Hezboliah or-

ganizations believed to be holding

Western hostages in Lebanon. It

was considered to have been instru-

U.S. Marine barracks in Beirul.

mental in the 1983 bombing of the

The radicals have taken a hard

line on the war and relations with

the West and moderate Arab coun-

tries, and have pushed for rapid

retaliation against the United States for the downing of the Irani-

In elections during April and

radicals for the first time

May for the Majlis, or parliament,

achieved a majority and now hold

about 60 percent of its 244 seats.

U.S. may offer compensation to

Radicals count on the additional

See IRAN, Page 6

The tests found that parts of the

plane's electronic countermeasures

work and cannot be corrected with-

out major changes, air force offi-

"For that reason," it added, "we

Les Aspin, chairman of the

House Armed Services Committee, who received a classified briefing last week on the problems, called the test results a major setback for

"The plane was designed to be

capable of a nuclear attack against the Soviet Union," said Mr. Aspin,

Democrat of Wisconsin, a critic of

See BOMBER, Page 6

Points Up

Corruption

By Patrick Smith

scandal linked to Japan's most prominent politicians has signaled, some local analysts and market

sources say, the rapid spread of corrupt financial practices here and

the growing dependence of nation-

transactions as sources of political

The involvement of the five most senior figures in the governing Lib-

turn political ethics and public

these sources added, by underscor-

Prime Minister Noboru Take-

highly effective generator of politi-

chiefly because of his superior abil-

In an apparent effort to limit

versial tax reform program, on

"stake his political life" as recently

On Saturday, the Finance Minis-

regulated under existing securities

aw. Aides and relatives of leading

Liberal Democrats, including the

prime minister, were exposed last

See JAPAN, Page 15

to election campaigns.

as two weeks ago.

funds.

TOKYO - The insider trading

are now assessing our options."

tion requirements."

the \$28 billion project.

forces in the government.

allied on economic issues with the

will undercut the revolution.

Stirs Weary People

rage against an outsider, brought a scrutinizes legislation to make sure

PARIS, MONDAY, JULY 11, 1988



CHALLENGE IN MEXICO — A member of the opposition National Action Party asking the Federal Election Commission on Sunday why official results of Institutional Revolutionary Party has said its candidate won the election. Page 6.

Polish Elite Find an Unlikely Hero — a Russian

By Jackson Diehl

Washington Post Service
WARSAW — Adam Michnik, Poland's renowned dissident activavid reader of the Soviet press. would come home with an

armload of papers and my wife would say, 'How can you carry those things around in public? What will the neighbors think?" Two of Poland's oldest traditions are dislike of Russia and its

system — designed to help protect the low-flying aircraft on deep-penetration missions — do not - and intellectuals' resistance to influence from the East. For more than two centuries, re- on Gorbachev." lations between the two nations

Yet Mr. Michnik's compulsive reading offers a signal: Never beist, says his friends were amazed to fore have Poland's political and indiscover that he had become an tellectual elite been so open to a Soviet ruler. "This is a turning point in Po-

lish-Russian relations," said Mr. Michnik, who recently wrote a twopart study of the anti-Stalinist campaign under way in the Soviet press for the Catholic weekly Tygodnik Powszechny. "These relations rulers - whether czarist or Soviet could now be completely different than what they have been for the last 200 years. But it depends a lot

So far, Mr. Gorbachev's leader-The air force said in a statement ing cycle of subjugation, conflict on Poland and its seemingly end-that the system was discovered to and contempt. It is because of that historical The government of General Woj-

on Monday, faces a special chai- Kremlin leader, has introduced creating their own "civil society" some liberalization measures since free of Communist influence. 1986, but it has stopped short of major change.

> Poles are looking to Mr. Gorbalish-Soviet relationship.

"There is a feeling that Gorbachev started a process that he didn't plan and which will lead to the democratization of the system," said a dissident, Jan Litynski.

The fascination with Mr. Gorbachev is particularly remarkable because of the almost complete alienation of Polish intellectuals from the Communist system since suppression of the independent Soli-

What has yet to be tested is the

degree to which Mr. Gorbachev fa-Increasingly, however, leading vors a rebuilding of his country's Poles are looking to Mr. Gorba-chev's rule to create conditions for his last visit to Warsaw, in 1986, the fundamental reforms in Poland, as Soviet leader spoke candidly about well as for deep change in the Polish-Soviet relationship.

Soviet leader spoke candidly about overcoming the "wars, violence and seizures of territory" that "polisizers of territory" the polisizers of territory that the polisizers of territory the territory of territory soned the minds of the people and

aroused mutual hostility." At the same time, he has expressed support for the cautious and increasingly unpopular leadership of General Jaruzelski, and the Soviet press has published hardline accounts of recent strikes and

"The difference between the way the Soviet press covers the strikes in

protests by the outlawed Solidarity.

tude toward the country is stuck in the Brezhnev era, or even the Stalinist era."

For many Poles, the key test of Mr. Gorbachev's attitude has becalled the Tornado the best lowcome his handling of the issue of Katyn Forest, a World War II maslevel attack plane in the world. Mr. Arens said the cabinet sacre of at least 11,000 Polish Army should reconsider the decision it made last autumn to scrap the officers and soldiers captured by multibillion-dollar Lavi jet fighter. the Red Army in 1939. He maintained that Israel was los-Moscow has blamed the crime ing its technological edge and its

on German troops, and for years Katyn, as it is called, has been a symbol for many Poles of injuries suffered at the hands of Russia.

During the last year, a Polish-Soviet commission of historians has been studying what Mr. Gorbachev has dubbed the "blank spots," or formerly taboo topics of Polish-Soviet history, and the official news rael might have erred in opposing media in both countries have de- and helping to kill the Reagan ad-

See ISRAEL, Page 6

For years, Polish journalists, Mr. Michnik. "Judging from the writers and artists have formed as the Soviet of those in Armenia is amazing," said tailed such events as the Soviet occupation of Eastern Poland in 1939 and F-16 warplanes to Saudi Arawriters and artists have formed as the soviet occupation of Eastern Poland in 1939. legacy that Mikhail S. Gorbachev, ciech Jaruzelski, which frequently who begins a six-day visit to Poland boasts of a close alliance with the writers and artists have focused on coverage of Poland, the Soviet atti-See WARSAW, Page 6

Grosz Says Soviets Plan to Copy Hungary's Economic Ways

By James M. Markham

New York Times Service BUDAPEST — Hungary's new leader says Mikhail S. Gorbachev has told him that the Soviet Union aims to emulate the small East European nation's highly inhovative

the air force's management of the bomber program. "It is now called into question whether it will ever be political and economic course. In an interview, Karoly Grosz, the new Hungarian Communist Party chief, disclosed that Mr. Gor-Tokyo Affair

bachev, the Soviet leader, had in-formed him a few days ago in Mos-cow that "it is probably the Hungarian endeavors and the Hungarian perceptions that are the closest now to those of the Soviet Union."
Mr. Grosz, 57, supplanted Janos
Kadar as general secretary of the Hungarian Communist Party at a watershed party conference in late May. Mr. Kadar had led the country since the Soviet Union crushed

a popular uprising in 1956. Mr. Grosz, a short, trim figure with an intense gaze, has a reputanate parliament building on the billion hard-currency debt.

banks of the Danube, he called for radical reform in the economy and in politics" and explicitly endorsed two prominent innovators

elevated to the Politburo in May. The new Hungarian leader, who will meet with President Ronald Reagan in Washington on July 27, embraced Mr. Gorbachev's argument that political "democratization" is a precondition for economic dynamism. Mr. Grosz emphasized that democratization in Hungary would take place only "in the context of a one-party system."

"This is the same way that Gorbachev perceives the issue, as you will see if you read his speech to the party conference," Mr. Grosz in-

Even before coming to power in 1985, Mr. Gorbachev was known to have closely studied Hungary's system, which combines certain freemarket mechanisms with a relatively tolerant attitude toward dissent. tion as a no-nonsense pragmatist Lately, though, Hungary's experi-and something of a hard-liner. But ment has seemed stalled, and the in the interview in Budapest's or- nation is burdened with a \$17.7

Seated at a vast table flanked by ry's prime minister, named Mr. an interpreter and a press aide, Mr. Pozgay minister of state on June less of a front-line role, ceding ter-

"So what we need is a political structure that is being built from bottom to the top from the grass-roots level and whose key words are voluntary activity, creativity and freedom of creation," he said.

gay, an outspoken champion of greater political freedom, and Rezso Nyers, one of the architects of Hungary's economic liberalization - who were given seats on the

11-member Politburo in May. It has been suggested that the two were included in the Polithuro to co-opt and muffle them, but Mr. Grosz insisted that he appreciated "their ideas and their vision of the

Mr. Grosz, who is also Hunga-

Grosz said he wanted "to change 29, and he said it was "possible" the nature of central guidance" and that the appointment could be a to have the Communist Party play stepping-stone for Mr. Pozgay to become prime minister himself. rain to both governmental agencies The general secretary made clear and nongovernmental organiza- that he intends to relinquish the prime minister's post.

He said "a certain amount of anarchy" had arisen in Hungary from the spawning of several independent political associations, notably the Democratic Union of Scientific and Academic Workers and Mr. Grosz specifically praised a youth organization called the two innovative figures — Imre Poz-Federation of Young Democrats, a youth organization called the or Fidesz.

In December, he said, the legislature would adopt a law on associations that "will say in what way one

can do what is allowed." "If they lit into this structure, we can have countless Fidesz's or any

other organization," he added. "Our general rule is that everything is possible unless it is prohibited." But Mr. Grosz offset such re-

See GROSZ, Page 6



Karoly Grosz: 'Everything is possible unless prohibited.'

al leaders on questionable stock Rio Women and Colorful Squares by Miles Davis, the Painter



The artist Miles Davis at work; inset, a Davis drawing.

International Herald Tribme

NEW YORK - Ask Miles Davis how he began painting and you get an answer you'd expect from someone who has been called the 'Prince of Silence": "I used to draw Mickey Mouse and that airplane of his. Dick Tracy, he was easy, all I had to do was draw his nose. And Flash Gordon, I could do him. I did a drawing of Gerry Mulligan, that was in the '40s, looked exactly like him."

Arnold Schoenberg began to paint after he had made his musical name, as did John Lennon, Charlie Parker, Joni Mitchell, Tony Bennett and now Miles Davis. Davis started serious - some say compulsive - sketching in 1979, about the same time he came off drugs, which may be no coincidence. An exhibition of 30 of his works - oils and pen-and-ink drawings opened Sunday at the Mosel und Tschechow Gallery in Munich and runs until Aug. 12.

It is not unusual for musicians to come to painting. This private and silent work can be a relief for someone who makes his living in an endeavor that requires collective effort, demands applause and bothers neighbors. It requires some degree of natural ability to begin with, but no training is necessary in order to receive immediate satisfaction. This rarely happens in the opposite direction — imagine a painter starting to practice the violin in his 50s. Of course, like any art, at some point you must decide on the degree of investment. Do you want to remain a dilettante for the rest of your

After looking at color photographs of more than 100 of his works — signed "Miles" — and

seeing the pile of canvases in various stages of completion spread over the floor of his Central Park South apartment, it is obvious that this is no mere "celebrity" painter. But there is also an electric piano in a corner, a synthesizer in another, a trumpet on an easy chair, cassettes piled against a wall and the latest Prince record playing on a professional sound reproduction

'Just doing this, could I make a living? Maybe so. Fortunately, I have something to fall back on.' Miles Davis on his painting.

setup. So it is not surprising that this man who has never been able to stick to one style of music ("I have to change, it's like a curse," he once said.) and is now assuming visual forms was not sticking to the subject.

"You've been quoted as saying that musical training is important, to learn what rules to break," a visitor remarked. "Is the same thing true for painting?"

"The first piano music Art Tatum heard was two boogie-woogie piano players on a cylinder," Davis said. "He didn't know there were two of them. He thought that's the way a piano should sound and he learned how to play like two piano players at the same time. Some guys don't have to know anything about theory because they have something you can't learn in a This is a classic enigmatic answer from a man

whose legend has been built on an enigmatic

image he goes to some length to encourage. We

might assume that he considers himself to be

one of those painters not in need of book

learning. Then again, he might just be being

enigmatic. In any case, his early sketches were

of thin women with colorful flowing lines who,

whatever stylistic faults an expert might find,

were obviously drawn by somebody with a flair

"People tell me they have rhythm," he says. They are moving, dancing, doing ballet steps, I make them with short thighs and long legs, I like that look, it's the Rio de Janeiro look. I hardly ever draw a man."

"You're known for the spaces in your music. Do you use the same principle in painting?

The guy who looks after my house in California. Mike, he calls me Chief. I say 'Mike, how do you like this? He says, 'I liked it, Chief. just before you finished it.' So he thinks I spoiled it by making too much. I have to learn

to stop. I know how to stop with music, but you have this problem of balance with paint and it's different There are abstractions with wide swatches of gold, copper and metallic colors. Colors cake one canvas. Spare, almost skeletal shapes cavort on beige. There are occasional reminders of Arshile Gorky and Jackson Pollock. Series of colorful squares are filled with circles. When

the paintings are not signed, it is not always evident which end is up. And those thick-

See MILES, Page 6

Hong Kong Futures Market: Plans and Prospects for Revival

Douglas O. Ford recently left the Futures Exchange. Will the exchange Winnipeg Commodities Exchange after 10 years as its president to take the post of vice chairman and chief executive officer of the Hong Kong Futures Exchange. The futures exchange had major problems in the worldwide October stock market collapse, when the Hong Kong Stock Exchange was closed for four days. Futures dealers subsequently defaulted on contracts for the Hang Seng index, forcing the government to arrange emergency loans of 4 billion Hong Kong dollars (\$512 million at current rates) to bail out the futures market. Coleen Geraghty, who writes for the IHT from Hong Kong, talked to Mr. Ford about the prospects for a revival of the futures market in Hong Kong.

Q. A review committee headed by Ian Hay Davison, former chairman of Llovd's of London, has recommended sweeping changes in the fiduciary and regulatory structure of the Hong Kong

A. There is a general acceptance by exchange members that the recommendations were sound and should be implemented. The reforms we are planning.

MONDAY Q&A

along the lines of the Davison report, will help us regain the confidence of investors and institutional users.

We will be creating a different arrangement between the International Commodities Clearing House Hong Kong, the Hong Kong Futures Guarantee Corp., and the exchange, so that their various functions become the ultimate responsibility of the exchange, as the report recommended. We intend to make the clearing house a wholly or partly owned entity of the exchange, and hope that the International Commodity Clearing House in London and some of the banks within the present guarantee corporation here might still wish to be involved.

O. The banks within the guarantee corporation helped to rescue the ex-

change after last October's market col-lapse by contributing 500 million Hong Kong dollars to a lifeboat facility, and this has yet to be repaid. Yet most of them have no trading interest in the ex-change. It is difficult to see why they should want to become involved in a new

guarantee corporation.

A. That is true, unless we introduce an interest-rate futures contract. Then there will be a direct need for the banks to be involved as members of the exchange, and in that case, they may wish to be involved as clearing members.

Q. How quickly can this new contract launched?

A. I would like to see it happen within the next six months. Of course, we want to ensure that all the reforms are put in place first, and I think the Legislative Council also wants to see that happen. The contract proposal has gone through two or three revisions, and we now have an approved technical version waiting for the regulatory reforms to go through. It is an interest-rate futures contract based on the Hong Kong interbank three-month rate, somewhat akin to a U.S. Treasury

tures contract and get the banks involved would seem crucial to restoring confidence in the exchange.

A. It is certainly a key move for us along with the implementation of the Davison reforms. We also want the international brokerage houses involved as

As the financial strength of the clearing house increases, I think investors outside Hong Kong will want to use the exchange. They will have confidence that when they execute a trade, they can come back the next day, and we will be there to

In that context, banks can play another role. With the restructuring of the clearing house, we would set up a members' fund as the first tranche of deductible reserve to ensure the contract's integrity. The second tranche could be an insurance policy. If that is insufficient, we could use bank guarantees as the final security. But the first line of defense will be our monitoring and enforcement ca-

pability. Q. Do you think the future of this exchange depends upon introducing new than trying to restore the Hang Seng index contract to its former vitality? A. I think both are important. We hope

to make some changes to the Hang Seng contract that will improve the balance between long hedgers and short hedgers. Right now, we have a good volume of short hedging, or selling futures by those

who have long positions on the securities side. However, the long hedging side of the market, while not entirely missing, is certainly not as balanced. We could improve the balance by legalizing short selling of equities and by developing options the futures contract.

Q. Does the exchange have a role to play in China's development?

A. Obviously, we want to move ahead and build on the strengths of Hong Kong as a financial center. Then we want to look at developing contracts to service China's needs. There will be financial contracts eventually, but initially, China might need contracts in agricultural commodities and industrial metals to provide proper pricing and hedging mechanisms for trading the raw materials they pro-

Shultz Says

On Refugees

By Elaine Sciolino

New York Times Service

JAKARTA - In a frank admis

sion that the decadelong strategy for dealing with Indochinese refu-

gees no longer works, Secretary of State George P. Shultz has declared

to Vietnam must be examined as an

day, adding that resettlement coun-

tries like the United States and

Asian countries offering refugees

Speaking to reporters on a plane

ride from Malaysia to Indonesia.

Mr. Shultz said the present policy

encourages the illegal exodus of

economic migrants posing as politi-

system set up by the United States

to process and accept political refu-

gees in an orderly and legal way.

such a position would be "hard."

Southeast Asian Nations.

His comments followed a meet-

Earlier, in Kuala Lumpur, Mr.

Shultz expressed enthusiasm for an

"You have to jack yourself up

temporary asylum are "uneasy

about continuing the policy.

in the West.

WORLD BRIEFS

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Experts Try Again on North Sea Fire

ABERDEEN, Scotland (Reuters) — Oil field disaster specialists tried Sunday, for the second time, to cap leaking wells aboard the North Sea platform Piper Alpha, despite strong winds, rolling seas and flames. An explosion last week killed 166 men aboard the platform.

A representative of Occidental Petroleum Corp. said that two members of a team led by the international oil-fire expert Red Adair went to the of a team led by the international of the plant of the pl supervising from a support vessel, to see his men, who were attached to rope on the platform. The cause of the explosion is still not known, but Occidental officials

believe it was started by a gas leak.

Serbian Nationalists Hold a Protest

NOVI SAD, Yugoslavia (Reuters) - Thousands of Serbs shouting Down with cowards and traitors!" protested Saturday in Vojvodina, and autonomous province in northeastern Serbia, accusing local leaders of

Supposed in Account of the Control o The crowd, led by a core of 900 Serbs from Kosovo, the southwestern province where there has been strife between Serbs and Albanian marched through the city waving banners and shouting anguly at policemen who tried to block the way.

The protest highlighted a conflict between Communist Party leaders in Vojvodina and of the Serbian Republic over regional autonomy. Local authorities disconnected the city's electricity supply to prevent the protesters from broadcasting speeches over a londspeaker system.

Taiwan Leader Calls for Kesignations TAIPEI (AP) - President Lee Teng-hui proposed Sunday that half the

Central Committee of the governing Nationalist Party, or Kuomintane resign to make room for younger members and more native Taiwanes.
On the fourth day of the 13th party congress, Mr. Lee submitted the names of 180 candidates for the committee. Chiang Wego, the powerful head of the National Security Council and son of the late Chiang Kaishek, was not included on the list. The president's refusal to nominate Chiang Wego seemed designed to end the rule of the family that led the Nationalists for six decades.

Most of Mr. Lee's nominees are expected to be elected Tuesday to the 180-member Central Committee, which makes policy proposals and assesses party performance.

Menem, in Upset, Gets Peronist Vote

BUENOS AIRES (WP) — Carlos Saul Menem, a charismatic populis who closely follows the style of the late President Juan Peron, won the Peronist movement's first presidential primary Saturday in an upset

that returning refugees voluntarily Mr. Menem, 53, governor of the province of La Rioja, obtained about 53 percent of the vote in the primary of the Justicialist Party, as the alternative to resettling all of them Peronist movement is formally known. He defeated Antonio Caffen, in the United States and elsewhere governor of Buenos Aires Province and head of the party apparatus About 1.7 million of more than 4 million party members cast ballots "It is feared that the policies themselves are creating a possible problem," Mr. Shultz said Saturaccording to election officials.

Polls show that the party is poised to win the presidency next year and wrest power from the Radical Civic Union of President Ratil Alfonsia Foreign creditors worried that Mr. Menem would be more likely than Mr. Cafiero to take seriously the Peronist promise to suspend payments or Argentina's \$54 billion external debt.

Chad and Libya Pledge Further Talks

LIBREVILLE, Gabon (Reuters) - Chad and Libya, at war for more than a decade over a stretch of the Sahara Desert, have pledged to continue negotiations to resolve the dispute. But they did not announce a resumption of diplomatic ties or a meeting of their leaders, as had been to cal refugees and undermines the expected, nor did they set a date or place for another meeting

A joint communique Saturday at the end of three days of talks said the two "reaffirm their determination to make all necessary efforts to solk all the issues in a spirit of brotherhood" and "agree to pursue their talks." The statement did not mention Chad's accusation that Libyan warplans flew over its territory Thursday night.

and say you're just not going to do it," he said, even though taking Foreign Minister Martin Bongo of Gabon was chairman of the talks in Libreville between Foreign Ministers Gouara Lassou of Chad and Jadallah Azouz al-Tali of Libya. Gabon leads a committee of the ing in Bangkok by the six member countries of the Association of Organization of African Unity that is charged with mediating the disput.

For the Record

Pope John Paul II appointed an eight-member commission Salurdiy seek ways to persuade followers of the excommunicated traditionals leader Archbishop Marcel Lefebvie to remain loyal to the Rosson traditions such as the Tridentine Mass in Latin.

Margaret Thatcher will answer questions from people in the Soviet Union in a live British Broadcasting Corp. radio program Monday night. Questions phoned in to the prime minister will be translated in London. and the 55-minute program will be broadcast live on the BBC's Russian Service, the BBC said.

Riot policemen fought about 50 "skinheads" during a festival in Holheim, West Germany, after the group smashed a Turkish street vendor's booth and attacked the police with debris and bottles, the authorities said Sunday. They said 40 youths were arrested. One police man and two youths were hurt, the police said.

TRAVEL UPDATE

Bartenders in Dublin have decided not to strike over the abolitical of mid-afternoon closing. After winning pay concessions, the barteader voted Saturday to remain working despite the longer drinking boars. which the government initiated because the break was deemed archite

and confusing to tourists.

(Renets)

Italy is turning over two military air corridors to civilian planes stating Monday to help relieve congestion during the summer, Transport Minitry sources said Saturday in Rome. On Friday, Italian pilots called di strikes scheduled for July and August.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious bolidays:

MONDAY: Bahamas, Monaco, Mongolia. TUESDAY: Monaco. WEDNESDAY: Yugoslavia

THURSDAY: France, Iraq, North Yemen. FRIDAY: Brunci. SATURDAY: Bolivia.

SUNDAY: Iraq. Israel. Nicaragua, South Korea.

Source: Morgan Guaranty Trust Co., Restart.

Corruption Flourishes Amid New Chinese Vitality

By Edward A. Gargan New York Times Service BELJING - About a month ago, a doctor from the Office of

Huayuan Jellied Bean Curd Res-

taurant, wandered about and de-

clared that the proprietor would

have to pay a fine for unsanitary

conditions. "How much do you want to be fined?" the doctor asked, according to a report by the official Xinhua news agency. "It can be 200 yuan or 1,000 yuan, depending on your

The restaurant's performance, it was clear, depended on its generosity toward the doctor.

Flourishing corruption has come hand in hand with China's new economic policies and vitality. As the country's leadership, notably Deng Xiaoping and the party secretary, Zhao Ziyang, push the economy away from socialist planning into free-market entrepreneurialism, the opportunities for party and government officials to extort a share of the bounty multiply.

While it is clear that corruption predates the new prosperity, there is a growing feeling among many Chinese, in the 48-million-member of a prince of a minor country, Communist Party as well as out, the Communist Party newspaper that bribery, theft, influence ped- said. Even the local judicial audling, extortion, petty favoritism thorities, it said, "in order to ingra-

By Jim Hoagland

Washington Post Service

talk, a kind of laconic and indi-

rect self-congratulation ex-

changed by people who have come through a battle without

harm. We are still here, the

words and gestures all say, and

that is a good thing.
This is the way that Athe-

nians who have stayed in the

Greek capital in the brutal heat

wave of the past week tend to

talk to each other now as eve-

ning advances. Those brave.

foolish or immobile enough not

to have fled the sulphurous air

and temperatures at or above 38

Fahrenheit) have a sudden

common bond, whatever their

morrow," a perspiration-

soaked waiter advises a pros-

perous-looking customer as he

uncorks a bottle of retsina. "But

they are lying, to keep from scaring the tourists. I heard that

three old persons died from the

The weeklong heat wave in

the Eastern Mediterranean has

led to scores of reported deaths

in Greece, Yugoslavia and Tur-key and has hospitalized hun-

Athens appears to be hardest

in a single malt.

Isle of Jura

SIINGLE MAILT

SCOTCH WHISKY

The flavour of an island

hit. An atmospheric inversion

They say it will break to-

station in life.

dreds more.

egrees centigrade (100 degrees

seeped into the marrow of the society so deeply that government, from the local to the national level. can no longer function without it.

Over the last month Chinese newspapers have railed against the spread of corruption, printing letters from readers with tales of encounters with venal officials and publishing lengthy editorials on the causes of the surge in moral and material graft and how to stop it.

Gongren Ribao (Workers' Daily) recently described the case of Li ejun, an army district director in Chongqing, who accepted 3,500 yuan (\$950) in bribes from 11 oung men before agreeing to certi-

fy them for admission to the army. Zhongguo Qingnian Bao (China Youth News), in an article several days ago, reported how a tax collector in the northeastern city of Shenvang forced shopkeepers to sell him food supplies at sharp discounts. People's Daily described how a local party secretary, Gao Ye-

chong extorted an automobile, a chemical factory in Luoyang.

television and a house from a "He thought that upon assuming the post of district party secretary, he had the power and the prestige

traps polluted air over the bak-

ing city and multiplies the hot-

Central air conditioning in

homes and shops, and air con-

tive rarity in a city that once

could rely on sea breezes to

moderate the heat. Athens has

become as sultry and unpleas-

ant as Baghdad or Cairo, desert

cities that have over the centu-

ries learned how to abandon the

day to the heat and work and

live by night.

high point.

■ Death Toll Put at 56

ditioned automobiles are a rela-

in the guise of executing the law, helped a tyrant do his evil deeds." Some older party leaders, less enthralled by economic directions that in their view ignore, or displace, traditional socialist values,

are said to see a tempering of the

'Corruption is an inevitable accompaniment

People's Daily editorial. new policies as the only way to

of social progress.

stem the fraying of the moral fabric within the party. These more hard-line party leaders, according to some Chinese familiar with their views, hope the spread of corruption can be used as

an excuse to stall economic change. Still, the spread and entrenchment of corruption is not viewed as an aberration by all Chinese commentators. Rather, it has come to be seen as an outgrowth of the ambitious effort to reshape the есодошу.

'Corruption," People's Daily said recently in a front-page editorial, "is an inevitable accompani-

In Athens, Heat Wave Is an Ordeal in Survival

"But," the paper continued, "we should limit it as far as possible and regulations are carried out diligent. no leniency should be allowed in dealing with corruption cases. Otherwise it will not only harm the reform but will also lead to domes-

tic disturbances." Results of an opinion poll con-ducted by a department of the Chinese Academy of Social Sciences found that 83.7 percent of urban residents listed the corrupt behavior of government officials as what they resented most. City dwellers were nearly as upset with what they saw as the tendency of retailers to keep raising prices unfairly. In Shanghai, People's Daily re-

ported, fully two-thirds of the corruption and bribery cases brought to court involved "leading officials of government institutions.

Officials at national and local levels have begun to respond to the problem, but among many Chinese these efforts have been greeted with considerable skepticism.

The central government has drafted a series of regulations calling for stricter punishment of corrupt officials, including those working abroad. Late last year, the Ministry of Supervision, a sort of central government watchdog agency, was established to monitor the behavior of government officials, examine contracts with foreign companies for signs of kick-

ly and without favoritism.

Since its creation the ministry has reported uncovering more than 1,000 cases of dubious actions in contracts between Chinese and for-

eign companies. A major aspect of corruption in public life is influence peddling, known as guanxi, or connections. In its simplest form, it involves little more than calling on a friend, for example, to provide a coupon that permits the purchase of a better bicycle. At a more serious level, it means using one's family connections to secure a better job, better housing, foreign travel.

In Hong Kong, which is due to revert to Chinese control in 1997, Chinese-run companies have sprung up, many of which are run by the children of high-level state and party leaders.

At a more mundane level, a taxi driver in Beijing used acquaint-ances in the Public Security Bureau and other state agencies to get a passport and exit visa to study English in Canada.

Many Chinese speak openly about what they believe is the impossibility of stemming the tide of corruption. "That's how things get done," a young man said. "And nobody can do anything about corrupt officials. They're the law."

Armenians Vow Strike Will Go On

Compiled by Our Staff From Dispatches MOSCOW — A crowd of 300,000 to 400,000 people gathered Sunday in Yerevan, capital of Soviet Armenia, and voted to continue a weeklong protest strike in the city, according to Yerevan sources. An Armenian nationalist.

Movses Gordissian, contacted by telephone, said that the rally took place less than a kilometer (half a mile) from Opera Square, the site of earlier protests, which has been blocked off. Hundreds of policemen were called in on Saturday to replace

security troops deployed to prevent such rallies. But the troops were still patrolling streets as darkness fell. Mr. Gordissian said. The demonstrations, which started in February, are in support of

Armenian demands for the Nagorno-Karabakh Autonomous Region, an enclave in Azerbaijan. Mr. Gordissian said that Yerevan was decked with black flags as

people mourned the deaths of two men Tuesday during clashes with security troops at Yerevan airport. One was shot and the other died of a heart attack. In Moscow, 150 Armenians held

a two-hour protest after the police refused them access to the Supreme Court. The demonstrators wanted to deliver a request that trials in Azerbaijan in the killing 32 people in an anti-Armenian pogrom be transferred to the Supreme Court.

form conference had told 100,000 autonomy from Moscow had received a warm response.

The delegates told the rally Sat-urday in Vilnius that Lithuanian proposals for "development of independence" expansion of the rights of the 15 Soviet republics, wider use of national languages and measures to protect the environment were adopted at the

The press agency said that mem-bers of the Perestroika movement - writers, scientists and cultural figures - spoke in favor of Mr. Gorbachev's push for openness and democratization.

Similar pro-perestroika groups have been formed in Latvia and Estonia, neighboring Baltic republics. All three were incorporated into the Soviet Union in 1940. The groups want the republics to gain inancial control over industries, now held by Moscow.

ASEAN proposal to convene a United Nations-sponsored international conference on refugees. Since the end of the Vietnam War in 1975, 1.5 million Indochinese refugees have been resettled 821,000 of them in the United States. Canada has resettled 116,000, Australia 114,000, France

103,000 and Japan, which makes large financial contributions to refugee resettlement, only 2,714. American resettlement of Vietnamese refugees is slowly but steadily declining. In 1986, the United States accepted 36,000, compared with 32,000 in 1987 and

still have not been released.

29.500 is projected this year. Mr. Shultz, who left Bangkok on Saturday morning, met in Kuala Lumpur with Malaysia's prime minister, Mahathir bin Mohamad. Mr. Shultz said afterward that he

expressed the administration's concern for Malaysia's human rights violations, particularly Mr. Mahathir's order for the arrest and detention without trial last fall of 106 government and opposition politicians, church workers and others. About 30 of those detained

> Mr. Shultz said the prime minister assured him that "those remaining under detention would be accorded full constitutional and statutory rights" in time and that it would be proven that they have been "dealt with properly." Shultz said that he was satisfied with the assurances.

Meanwhile, in a report on another ethic area, the press agency Tass said that Lithuanian delegates to the Communist Party's recent recountrymen that demands for more

Tass said that the rally had been organized by a group called the Lithuanian Movement for Perestroika. Perestroika is the Russian word for restructuring, the economic, cultural and political program being pressed by Mikhail S. Gorbachev, the Soviet leader.

Kremlin session, according to Tass.

Rocard Opening to Centrists Falters As Disputes Flare With 2 Ministers

By Steven Greenhouse New York Times Service
PARIS - Prime Minister Michel Rocard's efforts to open up his

Socialist government to the political center faltered last week because of two highly embarrassing clashes with new cabinet ministers. The two ministers were both respected non-Socialists whom he had named to help show the willingness of his minority government to work with the center

The most highly publicized confrontation involved Dr. Leon Schwarzenberg, the health minister. Without consulting other members of the cabinet, Mr. Schwarzenberg proposed giving AIDS tests to pregnant women and to people scheduled for surgery.

Also on his own, he called on the government to distribute drugs to addicts as part of a treatment program, saying that banning drugs has not done enough to reduce addiction and has helped foster crime

As a result of Mr. Schwarzenberg's remarks, Mr. Rocard's young government faced a storm of controversy. Aides and civil liber-seems that I may have been mistakties groups protested what they en, that in this domain it was im-

thought was a call for mandatory portant to the public interest 40 tests on acquired immune deficiency syndrome while conservatives attacked his call for a partial legalization of drugs. On Thursday, Mr. Rocard de-

manded - and received - the resmanded—and received—the resignation of Mr. Schwarzenberg, can Party, one of the major French conservative groups, said, "The restor, just nine days after he was ignation of Mr. Schwarzenberg in the conservative groups, said, "The restor, just nine days after he was ignation of Mr. Schwarzenberg in the conservative groups, said, "The restor of the major French conservative groups, said, "The restor of the major French conservative groups, said, "The restor of the major French conservative groups, said, "The restor of the major French conservative groups, said, "The restor of the major French conservative groups, said, "The restor of the major French conservative groups, said, "The restor of the major French conservative groups, said, "The restor of the major French conservative groups, said, "The restor of the major french conservative groups, said, "The restor of the major french conservative groups, said, "The restor of the major french conservative groups, said, "The restor of the major french conservative groups, and the properties of the named to the cabinet. This made his tenure as a minister the shortest in the history of the Fifth Republic, Mr. Rocard's appointment of Mr. Schwarzenberg had been greeted enthusiastically by the public.

Mr. Rocard asked for the minister's resignation for having ignored guidelines requiring ministers to consult with the government before making provocative proposals. "I am sad and bitter," Mr.

Schwarzenberg said after his resignation. "I evidently don't understand the subtleties of public life." In a letter to the prime minister. he added, "My profession and my functions not only authorize me

peak frankly."

Having originally criticized the appointment of Mr. Schwarzer appointment of Mr. Schwar lustrates the precariousness of the Rocard government, which doesn't have a majority and rests on uncer-tain political foundations."

Earlier in the week Mr. Rocard was stunned by another embarrassing announcement. His minister of justice, Pierre Arpaillange, pro-posed that the government end sol-itary confinement for convicted terrorists.

Mr. Rocard publicly repudiated this proposal, which would have affected members of Direct Action an extreme leftist group that had carried out a series of assassing tions and bombings in France It would have also affected some but oblige me to make without Basque and Corsican terrorists.

hesitation several proposals that I believed essential. I think, but it Mr. Arpaillange had made the proposal as part of the amnesty program announced after each

SALARY EMPLOYER ECONOMISTS Bank for International Settlements EUROPEAN MIS The Walt Disney Company. MANAGER Affractive McKinsey & Company, Inc. Reputed group of companies. PROJECT DIRECTOR Multinational industrial company. MATERIALS MANAGER If you haven't seen last week's INTERNATIONAL POSITIONS rubric. please ask for a free copy: Max Ferrero, INTERNATIONAL HERALD TRIBUNE, 92521 Neutily Cedex, France.

INTERNATIONAL POSITIONS

You will find below a listing of job positions published last Thursday under the rubric International Positions.



Official Off Airbus Inquiry

PARIS — A French court has withdrawn an inquiry into the recent crash of a new Airbus from a senior magistrate who raised questions about the role of civil aviation authorities in the investigation, judicial sources said Sunday.

A court in the eastern city of Mulhouse removed the investigating magistrate, Germain Sengelin, on Saturday from the inquiry into the June 26 crash, the sources said.

that the authorities absolved the airliner's sophisticated computerguidance system, one of its main selling points, before completing the inquiry. The accident occurred when an Air France Airbus A-320, the pride Mr. Sengelin had said the Transof a four-nation European consor-

sons died.

tium, plowed into a forest and ex-ploded during a low-altitude display at an air show. Two inquiries were immediately set into motion, one by the civil aviation authority and one by the

near Mulhouse in which three per-

Pilots unions had complained

But Mr. Sengelin complained that civil aviation officials left with the flight recorders instead of handing them to the judiciary as required by procedure rules.



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alists Hold a Protest

Reuters) — Thousands of Serbs in theastern Serbia, accusing local to the serbia.

1 900 Serbs from Kosovo, the southern series strife between Serbs and Albaners and shouting and the way. n Republic over regional anonomy late e city's electricity supply to prome a specches over a loudspeaker system

Calls for Resignation Lee Teng-hui proposed Sunday the late overning Nationalist Party, or knowledge overning Nationalist Party, or knowled inger members and more native lines. 13th party congress, Mr. Lee submitted the committee. Chiang Wego, the post ty Council and son of the late Chart the list. The president's refusal to topic and to end the rule of the family that it estate expected to be elected Tuesdaying the state which makes policy proposite.

set, Gets Peronist Vol -Carlos Saul Menem, a charismatic pacie of the late President Juan Perin, was e of the many Saturday in an un of the province of La Rioza obtained the primary of the Justicialist Pany at the defeated America the primary of the Justicialist Part, at sally known. He defeated Antonio Car-Province and head of the party apara. Than 4 million party members can let

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adeasting Corp. radio program Modifie e prime minister will be franchied a lake m will be broaders; live on the BBCs has shore 50 "Linbeach" during 2 less?

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VEL UPDATE

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te and their

ain on North Sea Fig. **AMERICAN** 2 Natural Gas Buses

Being Tested in N.Y. New York City is experimenting with two buses that run on natural gas, causing less pollu-tion, The New York Times resail not known, but Occidental office

ports. Brooklyn Union Gas Co. said the buses were the first of their kind in the United States and, if widely copied, would polhite the air less and use an economical fuel in plentiful domestic supply.
The buses will run for three

years over express routes in outlying becoughs. In a competing test that started in April, six buses built by General Motors Corp. and powered by methanol are plying New York streets. Both types of buses will be evaluated by the city for pollution, mainte-nance expense and crucial details such as how reliably they run in hot and cold weather and on porholed streets.

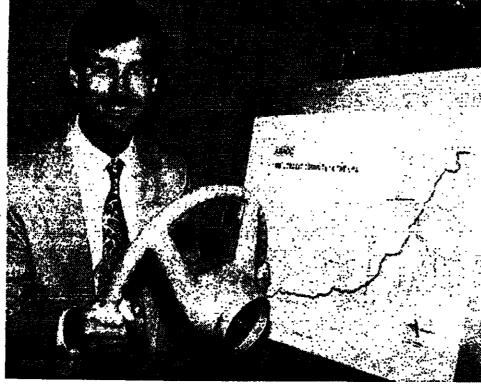
Methanol is a liquid fuel produced from natural gas or coal.
Buses that use it, according to its proponents, do not require as much modification — the instal-lation of pressurized fuel tanks, for example — as those powered by natural gas. But methanol is more expensive than natural gas.

Short Takes

cassettes into Poland.

Woiciech Januzelski.

When Lynn Korwatch served as relief captain of the container ship Maui on a two-week round trip from Oakland, California, to Honolulu last month, she became the first woman captain of a large U.S. commercial freighter, ac-cording to the U.S. Merchant Marine Academy, the U.S. Mari-time Administration and Matson Navigation Co., owners of the Mani. It has a crew of 35, including three women. Mrs. Korwatch, 35, a graduate of the California Maritime Academy, has 12 years' sea duty behind her. Her husband, Lawrence, is a seagoing chief engineer for Matson. Her usual full-time job is as chief mate, or second-in-command. As for being skipper, she said, "There is a lot of money riding on you. They don't want anybody



TRAVELIN' MAN - Rod Conklin, 35, of Darien, Connecticut, with a map showing the route he daily drives to work to his office in Boston. The 204-mile journey — each way — qualifies him as the U.S. commuter with the longest daily trip, according to an automotive electronics company.

Small towns in the American heartland, having lost population, jobs and schools to the farm crisis, are offering incentives not only to new businesses but to people who will come to live. Rolfe, Iowa, whose population of 700 is about 75 less than it was in 1980, will provide \$1,200, a free residential lot and one-year membership in the swimming pool and golf club to anyone who will build and live in a house valued at \$30,000 or more. Osakis, Minnesota, offers \$5,000 toward the cost of a lot and house for anyone willing to build and stay five

Plastic skeletons, hearts and other anatomical models are sold or rented by Stephen Appelbaum's Evidence Store in Union, New Jersey, mostly to lawyers trying personal injury or mal-practice cases. The models range in price from \$625 for a full skeleton to \$85 for the most popular item, a herniated spinal disk.
Anything can be rented, at a daily cost of 10 percent of the purchase price. "Lawyers are trained to be

U.S. Assists Emigrés in Smuggling

Illicit Materials to Polish Dissidents

The publications include thou- terms, for a few years. But a full was sent secretly by the CIA.

views with U.S. officials and Polish

occasionally arrest people who print or distribute forbidden litera-

ture and confiscate their equip-

ment. But U.S. officials say 500 to

600 periodicals are still being print-

Lientenant Colonel Wieslaw

He made the comment in a tele-

if Poland would legalize the inde-

Jackie Presser

an informer for the FBI's Orga-

The Polish authorities are aware ern intelligence services.

in the last year.

Endowment for Democracy.

members throughout Poland.

rounded by the police.

sands of books and journals highly picture of this role emerged in re-

ed more than \$5 million in cash of the activity, but have been un-

Poland has a huge underground presses, cameras and smoke gre-nades to the underground. They

Endowment for Democracy, a private nonprofit corporation that receives almost all its funds from the

federal government and seeks to darity, was being paid \$1 million a

consults with the State Department vision interview when he was asked

encourage democratic institutions year by the U.S. government.

In addition, over the last three emigres.

assistance to the banned labor able to stop it.

Some of the money is openly provided by Congress. Some is

years, the United States has provid-

publication network, much of it

supported by the United States, though U.S. officials say the demand for such publications in Poland far exceeds the supply.

around the world. The endowment

J. Presser

Dies, Led

Teamsters

By Carlos Sanchez

Washington Post Service

Presser, 61, the leader of the Inter-

national Brotherhood of Teamsters who tried to steer the union back

into the mainstream of organized labor, died of a heart ailment and

brain cancer Saturday at a hospital

He was head of the nation's largest and richest labor organization.

It is also widely regarded as the

Mr. Presser, who once referred to

the leadership of the 1.7 million-

strong Teamsters as the "electric

federal charges of fraud and racke-

teering stemming from the use of

"ghost employees" in his union lo-

In addition, on June 28, the same

sters be placed under a federal ranks.

Mr. Presser had said he had been union.

trusteeship until new elections

in Lakewood, Ohio.

most corrupt union.

cal in Cleveland

WASHINGTON - Jackie

orators, not visual communicators," Mr. Appelbaum said. "We're trying to teach them to use the courtroom like a class-

Beginning public school teachers now average \$18,000 a year in salary, and average pay for the entire profession is \$28,085, according to the American Federa-tion of Teachers. Teachers earned an average of 17 percent more than the average of all workers in 1987 and 10 percent more than all government workers. "The public is really supporting teachers," a federation spokesman said. "It's the seventh straight year salaries have exceeded inflation."

A bill requiring that obscene words on humper stickers be no more than one-eighth of an inch (3 millimeters) high has been passed by the Louisiana legisla-ture. Governor Buddy Roemer said he probably would sign the measure into law despite promises of a court fight over its con-stitutionality. "This is an inde-cency bill," said Representative

V.J. Bella, who introduced it. "171 worry about whether it's consti-tutional later."

Notes About People

Ronald Reagan's post-presidency office will be on the 34th floor of the new Fox Plaza Tower in Century City in Los Angeles, the Ronald Reagan Presidential Foundation has announced. The office, on the former site of the 20th Century-Fox film studios, is about five miles (eight kilometers) from the Bel Air mansion Mr. and Mrs. Reagan are expected to move into when they leave the White House.

Howard H. Baker Jr., who gave up his own fledgling presidential campaign to become White House chief of staff, has quit that job to return to private life. But he admitted on leaving, "I'd love to be president. I wouldn't be a politician if I didn't aspire to that, and I sure am a politician."

Arthur Highee

Accusations Denied by 2

By Paul Lewis

By Robert Pear

New York Times Service

WASHINGTON — The U.S. gree groups in Paris, Brussels and government has joined Polish émigrés in a major effort to help Soilband arity and the Polish underground samuggle publications, printing machinery, radio equipment and video cassettes into Poland.

Some of the support is channeled surreptitionsly through Polish émigré groups in Paris, Brussels and Lund, in Sweden, where Jozef Lebenbaum's Independent Polish another \$1 million in December 1 million for Solidarity in July last year organized dozens of the support is channeled surreptitiously through Polish émigre propriet de formation for Solidarity in July last year organized dozens of the Support is channeled surreptitiously through Polish émigre propriet de formation for Solidarity in July last year organized dozens of the Support is channeled surreptitiously through Polish émigre propriet de formation for Solidarity in July last year organized dozens of the U.S. support for Solidarity in July last year organized dozens of the U.S. support for Solidarity in July last year organized dozens of the Support for Solidarity in July last year organized dozens of the Support for Solidarity in July last year organized dozens of the Support for Solidarity in July last year organized dozens of the Support for Solidarity in July last year organized dozens of the Support for Solidarity in July last year organized dozens of the Support for Solidarity in July last year organized dozens of the Support for Solidarity in July last year organized dozens of the Support for Solidarit OSLO - The directors of the ment agencies have rejected accudarity has been known, in general groups in Communist countries But Solidarity supporters said critical of the Communist system cent weeks from an examination of the assistance was, in some ways, and the Polish leader, General government documents and intermore effective if it was given opengovernment documents and inter- more effective if it was given open-

ly because they were less vulnerable to charges of being tools of West-Mr. Lebenbaum, the international coordinator for the Conferopposed to the Warsaw government.

They have intercepted a few ence of Solidarity Support Organizations, uses a network of couriers presses, ink, video equipment, phothe conference.

tographic equipment, microfiches, radios and electronic equipment to opposition groups in Poland. In an interview in Washington this week, he said he had sent 32 of his agency.

shipments weighing a total of near-ly 10,000 pounds (4,500 kilograms) His agency received grants of \$42,000 this year and an equal amount last year from the National Peter J. Mroczyk, president of

"They are like doctors who have the Solidarity Endowment, which tries to cultivate support for Soli-darity in the United States, said his the same prescription for all ills," group had arranged for the pur-chase of more than 20 offset print-

ing presses and for their delivery to independent publishers in Poland. In addition, he said, the group had provided broadcasting equip-ment to Radio Solidarity, the clan-ments. The charges were made by destine stations run by Solidarity Brundtland of Norway.

Mr. Lebenbaum said his organization had also sent in electronic In particular, that panel said the equipment that Solidarity members IMF, the World Bank and Western used to scan police radio frequencies and to communicate among safeguard the environment of the themselves when they were sur-

UN Agencies

New York Times Service

two biggest international developsations that they imposed unjustifiably harsh economic policies on developing countries, causing human suffering and environmental

Michel Camdessus, managing director of the International Monetary Fund, said at a closed meeting of heads of UN development agencies here Saturday that be felt no need to justify his organization's record of helping Third World countries overcome economic difficulties, according to participants at

Barber B. Conable, president of the World Bank, said alleviating poverty and protecting the environment were the overriding concerns

The heads of the IMF and the World Bank, which are both specialized agencies of the United Nations, were speaking a day after Secretary General Javier Perez de Cuellar accused them of treating developing countries unsympathet-

Mr. Pèrez de Cuéllar said. "We need a human touch, not just a theoretical touch."

The IMF and the World Bank were accused last year of treating Third World countries harshly and an independent panel headed by Prime Minister Gro Harlem

governments should do more to Third World by lightening its debt

Soviets Link Cheating Rules To Progress in Arms Talks

nized Crime Unit for more than a decade and that the acts he was accused of were authorized by the chair" and "death seat," was facing Teamsters presidents, beginning rules against cheating — including heavy bombers. with Dave Beck, to face criminal charges. A labor organizer since his the right to inspect any naval ship teen years, he was the son of a labor for missiles.

His efforts to get the Teamsters Soviet arms control delegation, day Mr. Presser entered the hospi- into the mainstream of organized also said a successful strategic arms filed a major suit in U.S. District filiate itself with the Teamsters af Missile Treaty.

Court in New York accusing the ter a 30-year exile. This exile had He was speaking on arrival at union of racketeering. The Justice started as a result of the union's Geneva's Cointrin airport before Department asked that the Team- failure to end corruption in its resuming a new round of nuclear and space arms control talks with Mr. Presser temporarily handed the United States on Tuesday.

could be held to break the union over the leadership of the union to from the grip of organized crime its secretary-treasurer, Weldon the Soviet leader, Mikhail S. Gor-Named as defendants in the law- Mathis, in May, shortly before his bachev, agreed at the Moscow sumreamen as determined in the state of the sta sur were the union's cause of the Mr. Presser's successor is ators would resume drafting a vict naval vessels and Soviet tive board and 26 alleged Mafia tive board and 26 alleged Mana search for Mr. Presser's successor is members or associates, including expected to start a fight among the heads of six mob families.

In response to various charges, Mr. Presser had said he had been mice.

Search for Mr. Presser successor is ators would resume during a strategic arms reduction talks, or officers on U.S. ships to check for START, treaty to halve their intermissiles. He added that some technical means of verification would have to be found.

Reuters The proposed START treaty
GENEVA — A Soviet arms con-would reduce each superpower's trol official on Sunday linked pro- stockpile of long-range weapons to He was the fourth of the past five gress in halving the superpowers' 6,000 warheads fitted to land- and long-range nuclear arsenals to rigid submarine-based missiles and "The Soviet side," Mr. Obukhov

said, "favors the strictest possible Alexei A. Obukhov, head of the verification, also as regards longrange sea-launched cruise missiles. up to inspection of any naval ship. day Mr. Presser entered the desired labor were rewarded in November treaty depended on strict obsertal for treatment of a blood clot on labor were rewarded in November treaty depended on strict obsertal for treatment of a blood clot on labor were rewarded in November treaty depended on strict obsertal for treatment of a blood clot on labor were rewarded in November treaty depended on strict obsertal for treatment of a blood clot on labor were rewarded in November treaty depended on strict obsertal for treatment of a blood clot on labor were rewarded in November treaty depended on strict obsertal for treatment of a blood clot on labor were rewarded in November treaty depended on strict obsertal for treatment of a blood clot on labor were rewarded in November treaty depended on strict obsertal for the labor were rewarded in November treatment of a blood clot on labor were rewarded in November treatment of a blood clot on labor were rewarded in November treatment of a blood clot on labor were rewarded in November treatment of a blood clot on labor were rewarded in November treatment of a blood clot on labor were rewarded in November treatment of a blood clot on labor were rewarded in November treatment of a blood clot on labor were rewarded in November treatment of the labor were rewarded in N tal for treatment of a photo when the AFL-CIO voted to reafthe hung, the Justice Department when the AFL-CIO voted to reafthe hung, the Justice Department when the AFL-CIO voted to reafthe hung, the Justice Department when the AFL-CIO voted to reafthe hung, the Justice Department when the AFL-CIO voted to reafthe hung, the Justice Department when the AFL-CIO voted to reafthe hung, the Justice Department when the AFL-CIO voted to reafthe hung, the Justice Department when the AFL-CIO voted to reafthe hung, the Justice Department when the AFL-CIO voted to reafthe hung, the Justice Department when the AFL-CIO voted to reafthe hung, the Justice Department when the AFL-CIO voted to reafthe hung, the Justice Department when the AFL-CIO voted to reafthe hung, the Justice Department when the AFL-CIO voted to reafthe hung, the Justice Department when the AFL-CIO voted to reafthe hung, the Justice Department when the AFL-CIO voted to reafthe hung, the Justice Department when the AFL-CIO voted to reafthe hung, the Justice Department when the AFL-CIO voted to reafthe properties are the properties of the latest the l verification.

Mr. Obukhov said he hoped to meet with Max M. Kampelman, the chief U.S. negotiator, on Monday. Mr. Kampelman arrived in Geneva on Saturday.

Mr. Kampelman said in Washington on June 20 it was unaccept-

U.S. A-Plant Incident Probed Danger Feared at Whole Class of Power Installations

By Matthew L. Wald New York Times Service NEW YORK --- A huge oscilla-

Season Ever tion in the speed of a nuclear reaction at an atomic power plant in Illinois has prompted an inquiry By David S. Wilson New York Times Service LOS ANGELES - Firefighters and forestry officials, confronting the widespread drought that has crippled farms around the nation.

May Have Been

With CIA in '60s

assassination of John F. Kennedy.

"We neither confirm nor deny."

ness as a cover.

50 miles (80 kilometers) northwest fires on record of Chicago, did not damage the Much of the West is already in "extreme danger" of wildfires, the highest of five risk designations matic shutdown. made by the United States Forest Service, Robert M. Swinford, the agency's national fire prevention officer, said that most of the East has been designated "high danger,"

are bracing for what they say could

become the worst summer of forest

the middle ranking.

These designations are not unusual, he said, but they usually come a month to six weeks later in the season.

Firefighters

Brace for

Worst U.S.

Last year, 2.18 million acres of federal and state land were reported burned, the worst fire season since 1919.

This year's dry conditions are even more extreme. Fire officials are concentrating on coordinating efforts between fire agencies, timber companies and volunteers. State and local fire agencies in the zine article that cites a recently dis-West have stepped up public inforcovered Federal Bureau of Investimation campaigns and weed-abategation memorandum. The vice ment programs, and are hiring seapresident denied the report. sonal firefighters early. The Nation magazine said a memo of Nov. 29, 1963, from J. Widespread bans on outdoor smoking have been imposed.

In California alone, smoking and fire restrictions have been posted on thousands of acres of state parklands. "California is literally ready to explode," said Jerry Partain, director of the California Department of Forestry. Last year, in California's record

fire season, 11,428 wildfires killed 11 people, destroyed 114 houses and ravaged more than 800,000

So far this year, a total of 804,196 acres of forest and brush have been reported burned around the nation. At this time last year, there were 1 million acres burned, but those fires were in concentrated areas. This year they have been far-flung. "Normally, the dry season

strikes various parts of the country at different times, and we're able to declined to comment on the possi-shift our firefighting forces," Mr. bility that Mr. Bush or someone Swinford said. "But this year else with that name worked for the there's high potential of fire every-

The hundreds of fires that have ple have worked for the CIA or that already burned thousands of acres sort of thing," Mr. Devine said. in California, South Dakota, the Rocky Mountain states and elsewhere this year are just a prelude, memo was recently discovered the officials said. Early spring rains among 98,755 pages of FBI docutemporarily forestalled blazes, but, ments released in 1977 and 1978 in paradoxically, led to higher risks connection with Freedom of Inforfor the summer.

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17 8 9 7 K.

be the early stages of a major nuclear accident. The fear is that a run-the temperature reflected the averto overheat, with its fuel melting was not near overheating, he said. and releasing radiation.

Commission engineers say that into whether a whole class of nucle in the incident, the flow of neu-Scientists, said the incident had ar plants is vulnerable to a danger- trons, the subatomic particles that come close to damaging some of ous condition that engineers had maintain the nuclear reaction, went the nuclear fuel and bore grave predicted was impossible to occur. through wild shifts every two to implications for other plants. The incident, which occurred three seconds, rising in parts of the March 9 at Commonwealth Edi- core to as much as 300 percent of flow and then collapsing again.

plant or cause the release of radiastruments measured the peak at clear commission. tion, although there was an auto-118 percent of the normal maxi-But the staff of the Nuclear Regulatory Commission said the incident was "an important precursor

event," meaning that in a future ments take only average readings, incident such developments could

According to a report issued last According to a report issued last incident casts doubt on whether the power plant, licensed by the com-mission four years ago, ever met its **Article Says Bush** requirements for stability, even though it is described by its owner

to be one of the most stable plants of its type. In addition, the staff said the on a response. The Associated Press

WASHINGTON — George issues that the commission thought it had put to rest years ago might actually not have been solved. The three dozen plants.

Commonwealth Edison minijump up and down, total heat pro- to it.

away reaction could cause a plant age neutron level. Thus, the reactor

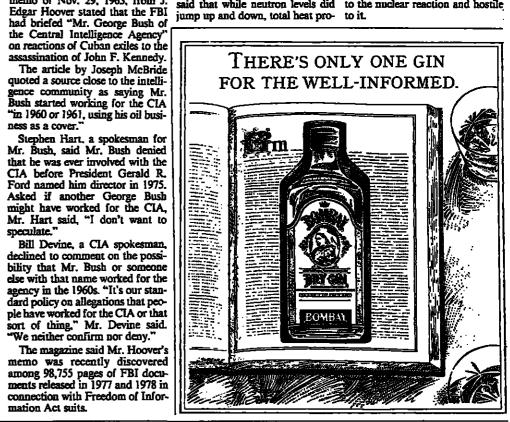
But a leading safety watchdog group, the Union of Concerned Scientists, said the incident had

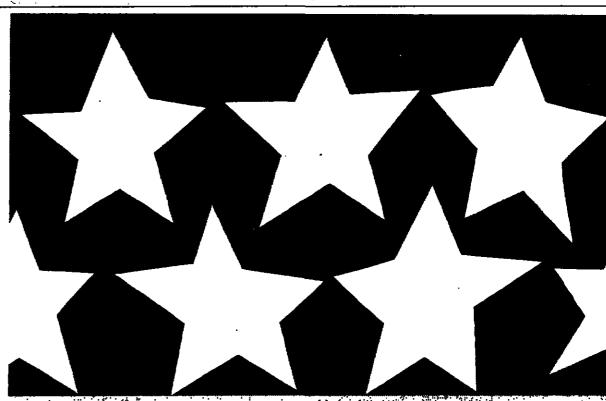
"All these calculations, since Day 1, are wrong," said Robert son's LaSalle-2 reactor, in Seneca, the normal maximum of neutron Pollard, a safety analyst with the Union of Concerned Scientists. He For the reactor as a whole, in- is a former inspector with the nu-

> "If these things had happened mum, the level that triggers an automatic shutdown. But the actual peak was much higher, engineers said, explaining that the instrufor leaving this in operation? On June 15, the commission staff

gave the owners of 36 reactors manufactured by the General Electric Company 60 days to analyze the vulnerability of their plants to the kind of instability that occurred at the LaSalle plant. A committee of utilities that operate the reactors, headed by Mr. Rausch, is working

At the LaSalle plant, the incident began when a worker accidentally caused the shutdown of two pumps that circulate the water in the core, two safety issues are common to an equipment failure that has occurred elsewhere without compli-cations. At LaSalle, however, one mized the safety significance of the result was to trigger a condition in incident. Thomas J. Rausch, an engineering supervisor at the plant, between being extremely conducive said that while neutron levels did to the nuclear reaction and hostile





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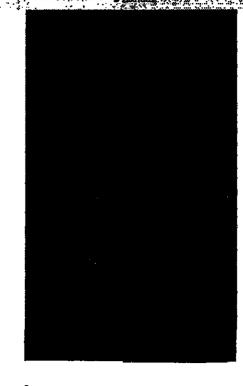
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An Era Ends in Mexico

A race far closer than even the opposition expected has left real doubt over who the next Mexican president will be. That in itself is a political earthquake in a country where the ruling Institutional Revolutionary Party, or PRI, has captured every presidential, senatorial and gubernatorial election since its formation in 1929. The PRI candidate, Carlos Salinas de Gortari, claims victory. Whatever the final outcome, the end of an era of stifling unanimity is a blessing for Mexico, and also for the United States.

The election registered dissatisfaction with one-party rule. Six years of austerity devastated the popularity of a regime which for decades had delivered economic growth. Sharply reduced living standards fed a longing for the populism associated with one opposition candidate, Cuauhtemoc Cárdenas, and his father, the 1930s president who nationalized oil and redistributed land.

Outgoing President Miguel de la Madrid deserves to be seen more as a victim than as a villain. Confronted with skeptical creditors, he diligently applied U.S. recommendations for austerity and free market reforms. Yet for all the debt restructuring, Washington never offered sufficient debt relief. Ordinary Mexicans suffered, and in the end the PRI paid a political price.

In a democratic context, endless calls for sacrifice without hope of relief can be political suicide. Washington will need to play a more compassionate role if it wants both democracy and free market capitalism.

Whoever emerges as Mexico's next president will now find it much harder to continue some of the positive aspects of Mexico's new economic course, including deregulation and privatizing giant state companies. That is all the sadder since Mr. Salinas is

widely recognized as a convinced and capa-

ble exponent of the free market. The PRI also has itself to blame. Its displays of dictatorial arrogance, corruption and electoral fraud fed popular discontent and would have hurt Mr. Salinas even had he not been burdened with the decline in growth and living standards.

All three of this year's contenders deserve credit for creating a vigorous political cli-mate. The right-wing National Action Party, which apparently has won its largest presidential vote ever, began to challenge the PRI's electoral monopoly several years ago, and then stood up to government-sponsored fraud and violence.

The left-wing challenger, Mr. Cardenas, began his campaign within the PRI. When his call for open presidential primaries was rejected, he broke with the party and took many PRI supporters with him. Final preelection polls showed him closing in on Mr. Salinas. And the PRI candidate himself promised clean elections and instituted procedures that now make the customary doctoring of returns difficult

Win or lose, the PRI will need to follow Mr. Salinas's pledge to recognize what he calls "the new political reality of the nation." That could mean more radical stances on issues like the debt and income distribution. But it could also free Mr. Salinas from the most retrograde elements of his party and make it easier to attack the corruption and patronage abuses that have so demoralized Mexico. It could be a net gain for Washington, which badly needs a credible partner in its regional diplomacy. A revitalized and more democratic Mexico would admirably fill that role.

- THE NEW YORK TIMES.

Seoul Is Making Sense

The Korean peninsula, divided into bitterly hostile states since World War II, is the last place you would expect to see affected by the changes stirring elsewhere in Asia. But something surprising is happening there, too. In an interview with The Washington Post, President Roh Tae Woo claimed that no longer is his country trying to isolate North Korea; it now will try to get the United States and others to help integrate the North into international society. By exchanges, visits, trade and other means, the government in the South hopes to break down North Korea's reclusive, suspicious and aggressive nature and draw it toward eventual national reunification.

North Korea is the state whose invincible duplicity and terrorism have forced South Korea to take the most far-reaching security measures imaginable in preparation for the Olympic Games opening in Seoul later this summer. Nonetheless there is in the South substantial support for trying to deal with the North. It reflects the human pain of millions of Koreans divided from family members and friends by the North's edict. It also represents a judgment that, 40 years after the Korean War, the South has accomplished major feats of revival and growth

item on the national agenda: reunification. South Korea, as it becomes more democratic, necessarily pays more attention to popular ideas than it did while authoritarianism was the prevailing style. Still, without broader international changes the strictly Korean factors might not make much difference. Moscow and Beijing have been increasingly embarrassed by their resolutely unreconstructed client in Pyongyang. As their relations have improved both with the United States and with each other, they have had an increasing interest in reducing tensions on the peninsula. The Soviets and the Chinese, for instance, along with Americans and almost everyone else except the North Koreans, are headed to the Olympics, and they cannot possibly want the North Koreans to spoil the show.

and is ready to tackle the remaining open

In these circumstances it makes sense for South Korea to take an initiative - seeking to break down the North's isolation - which is consistent with international as well as domestic developments, which puts Seoul ahead of the curve. The right U.S. role is to continue giving South Korea the support and confidence which allow it to move this way.

- THE WASHINGTON POST.

A New Deal for Angola?

Is the bell finally tolling for the long dirty war in Angola? Can it be that South Africa will pull its troops out of Angola and end its illegal rule in Namibia? Will Cuba withdraw 50,000 troops from Angola, and will Pretoria stop arming the rebel forces of Jonas Savimbi? Experience does not inspire optimism. Still, seven years of persistentcajoling by the Reagan administration may be bearing some fruit. Talks will be held in Washington this week involving South Africa, Angola and Cuba. These, the fourth round of talks, are a tribute to the indefatigable Chester Crocker, U.S. assistant secretary of state for African affairs.

Add to the mix these favorable signs: South Africa is evidently wearying of its military presence in southern Angola; the Soviet Union appears to be wearying of paying for Cuba's 13-year military presence in Marxist Angola; President Reagan, with some dexterity, has given an audience to senior leaders of Angola, a government that Washington does not yet recognize, and to Mr. Savimbi, whose rebellion is jointly supported by the United States and South Africa.

And there is this: Pretoria's legions recently suffered embarrassing setbacks in battles with Angolans and Cubans. In a notably downbeat interview, South Africa's foreign minister, Roelof Botha, recently wondered aloud whether this war was worth waging: "I am personally of the opin-ion that if the enemy is dug in over a broad front and is equipped with a deadly arsenal, you must think twice before you simply allow hundreds of your sons to be killed."

In short, there is enough happening to justify Mr. Crocker's labors. The catch, as before, is Namibia, the resource-rich territory between Angola and South Africa which Pretoria has ruled by mandate since 1919. In 1971 the World Court voided the mandate. but South Africa has deliantly hung on. An apparent breakthrough occurred in

1978 when South Africa grudgingly agreed to a United Nations plan for freeing Namibia. The plan provided for a cease-fire and elections, with five Western countries serving as guarantors; everything was to be wrapped up at a Geneva conference in January 1981. But when Ronald Reagan replaced Jimmy Carter, Pretoria scuttled the initiative, hoping that it might do better with the new team in Washington.

To address South Africa's fears, the Reagan administration insisted that the freeing of Namibia be linked to the removal of Cubans from Angola. And to make things hotter for Angola, President Reagan prevailed on Congress to end its ban on selling guns to Mr. Savimbi's rebels. But until this American election year, South Africa has merely teased American hopes while keeping regional wars boiling.

Angolans say there can be no settlement unless Namibia is freed and outside aid to Mr. Savimbi ended. But progress may be possible on the more limited matter of getting South Africa's troops out of Angola. It is well worth exploring a deal that a nervous Pretoria may be willing to strike now, before a new team takes over in Washington.

-THE NEW YORK TIMES.

Other Comment

A European Hope for Ireland

There is a sense in which the EC summit and decisions taken or promised at Hanover roll inexorably toward a conclusion which will make the Border irrelevant. As barriers to international trade and commerce fall throughout Western Europe and tax rates are harmonized, as investment and labor, heedless of old boundaries, move into new

territories, such economic arguments and administrative props as have been used to shore up division will disappear. It may not happen immediately on the achievement of a single market; it is bound to be accompanied by social and economic trauma. But the new European Community will leave exposed the withering futility of a conflict in which bombs are planted in school buses. — The Irish Times (Dublin).

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neurlly-sur-Seine, France. Tel.: (1) 46,37,93.00. Telex: Advertising, 613595; Circulation, 612832; Editorial, 612718; Production, 630698. Directeur de la publication: Walter N. Thayer.

Directeur de la publication: Walter N. Thayer.

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S.A. au capital de 1.200.000 F. RCS Nanterre B 732021126. Commission Particire No. 61337
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OPINION

The United Nations Is There to Be Used

N EW YORK — At the time the U.S. Navy became involved in the Gulf, circumstances seemed to dictate a unilateral approach. Washington's obsession with Moscow's intentions, the Kuwaiti request for protection of shipping addressed to both the superpowers and the repercussions of the Iran-contra affair, as well as a knee-jerk perception of the United Nations as incapable of effective conflict management or anything else, all pointed to unilateral intervention. Now, after the tragedies of the Stark and the Airbus, the virtues of a multi-

lateral approach may seem more evident. In recent years in the United States it has become fashionable to discount or dismiss the United Nations as a mechanism for conflict management. Although the secretary-general's efforts as an intermediary in the Gulf war, Southeast Asia, Afghanistan, Cyprus, Western Sahara and elsewhere are welcomed, there has been less inclination to try to use the Security Council and its peacekeeping capacity. Even Resolution 598 of July 1987, a unanimous effort to end the Gulf war, left its practical implementation to the secretary-general.

Until 1980, even during the years when the United States was overwhelmingly the most powerful country in the world, practical efforts at managing regional wars were normally as-signed to the United Nations. The great powers as a rule did not wish to become directly involved on the ground. In Palestine, Cyprus, Africa, the

Subcontinent and elsewhere this was the pattern. In 1960, for example, President Eisenhower refused a request from the newly independent government of the Congo for U.S. military inter-

W ary, the new president of the United States will confront complicat-

gets will become even tighter.

These challenges call for thoughtful

and innovative approaches on every

front, from policy to negotiations to

internal management. Answers will re-quire strong leadership by the new president, bipartisan congressional

support and a new spirit of coopera-

nomic power to America's allies, the

cost of defense has remained dispro-

portionately on American shoulders.

Each allied country should play the

instruments it plays best rather than

trying to stage an entire symphony orchestra. The United States must

give priority to contributions that no

ally can easily duplicate. These in-

clude a survivable nuclear deterrent,

a navy capable of controlling the seas

and conventional forces that can re-

spond flexibly to challenges around the world. These army and marine

units should be mobile and well-

armed with modern anti-tank weap-

ons, not tied to the heavy armor that

is principally useful in Europe but

The United States should also play

difficult and expensive to transport.

Adjustments are long overdue.

Despite the shift in relative eco-

tion and commitment from allies.

By Brian Urquhart

The writer was undersecretary-general of the United Nations from 1974 until his retirement in 1986.

vention and referred the request to the United Nations. A similar attitude was adopted on many other occasions in different parts of the world. In conflicts where one or another of the great powers has sought to intervene on its own — Britain and France at Suez, the United States in

It is time to consider again the old practice of avoiding direct great power involvement in regional conflicts.

Vietnam, the Soviet Union in Afghanistan, for example - the involvement has tended to become an embarrassment, and sometimes a tragedy. The experience of the "multinational" force in Beirut, and the repercussions of that involvement, illustrate vividly the hazards of such a course. Moreover, such interventions have usually deprived great powers of their

valuable capacity to exercise diplomatic and political influence in settling a regional dispute. The recent tragedies in the Gulf thus inevitably raise haunting questions. Would an energetic and concerted effort through the United Nations to assure free and safe passage for all legitimate Gulf shipping have served the interests both of the United States and of the world community better? Undertaken in the context of the general desire to end the war, would such an effort have been more effective and less

prone to disastrous accidents? United Nations peacekeeping operations, al-though militarily far less spectacular than some unilateral interventions, have the advantage of broad international support and participation. as well as of being debarred from becoming a combatant in the conflict. It is thus usually easier for the parties in conflict to react peacefully to, and to cooperate with, a United Na-

tions peacekeeping operation.

Last year a Soviet suggestion for a United Nations naval peacekeeping operation in the Gulf was dismissed, with little or no consideration, as impractical, sinisterly motivated and undesirable. If it is true that the relations among the permanent members of the Security Council, and particularly between the United States and the Soviet Union, are improving, surely it is time to consider again the old practice of avoiding direct great power involvement in regional conflicts and of using the Security Council and the proved conflict-limiting capac-

ity of the United Nations instead. The main common objective is an end to the war, which is the only basis for a real solution to the problems of the Gulf. No loss of face or of national prestige is involved in taking a new look at the current situation and adjusting national policy accordingly. The downing of the Iranian Airbus adds particular significance and urgency to such a reassessment.

The New York Times.

A Defense Agenda for America's Next President WASHINGTON - Next Janu

By Sam Nunn

The writer, a Democrat from Georgia, is chairman

ed and demanding challenges to national security policy. Although inter-nal changes in the Soviet Union may offer new opportunities, Soviet milithe principal role in assuring regional air superiority by emphasizing tactical air forces equipped with modern tary power continues to grow. Arms control negotiations will become more standoff, conventional weapons. complicated. We face new threats These changes will still leave gaps in the alliance's forward defense posfrom terrorism and other forms of unconventional warfare. Defense budture. America's allies must fill them

or explain to their own citizens why territory cannot be defended without the use of nuclear weapons in the first few days of any European war. If the Europeans wish to avoid ex-laining the unexplainable, they must take on the principal role of providing heavy armored forces; the necessary ammunition and equipment to sustain their own forces for NATO's 30-day

requirement; effective reserves; and shelters and support facilities for U.S.-based aircraft to be dispatched to Europe in a confrontation. The goal of these improvements is to make NATO's doctrine of flexible response truly flexible - to move away from dependence on the early

use of nuclear weapons in response to

a Soviet conventional attack Japan should be held accountable for its own announced goal of defending the air and sea lanes out to a thousand miles. It should be firmly told that it is its turn to fund a "Marshall Plan" of military and economic aid to key nations that support Western defenses, like the Philippines, Pakistan and Turkey. The Japanese also must take the lead in a multinational effort to ease heavy Third World debts

DANJOH-

 economic threats today which, if left unattended, will become the source of military threats tomorrow. America's most basic defease task

will continue to be to provide a survivable and effective nuclear deterrent. We face a fundamental question as technology decreases missile flight times and increases their accuracy: Do we rely principally on our ballistic missile submarines and nucleararmed bombers, or continue to pay for the additional insurance provided by a land-based intercontinental ballistic missile force that cannot be largely destroyed in a surprise attack?

The next president will have to decide on the next generation of ICBMs. Should he cancel the small mobile Midgetman ICBM and rely instead on MXs parked on trains at military bases (which need several hours' warning for escape)? He will have to ask whether the current American position at the START talks would worsen or improve strategic stability.

In particular, he should carefully review the concept that the United States proposed to the Soviets at the Moscow summit to restrict each side's mobile ICBMs to 10 square miles. Instead of spending billions on mobile missiles and then corralling them into a small, vulnerable area, why not propose a ban on all land-based mobile multiple-warhead ICBMs (such as the Soviet SS-24 and the American railmobile MX), along with incentives to

A START accord that can greatly is within reach, but only if it is com-bined with sensible force deploythis treaty, but in its efforts to promote and pay for space-based defenses it has lost sight of the forces needed for a stabilizing agreement. Unless the "fatal flaws" in our arms are corrected, our national security is better served if no START agreement is signed by this administration.

Despite all of the attention and money that has been focused on the Strategic Defense Initiative in the last guard against surprise attack. five years, the administration still has not established a realistic timetable for development and deployment, sound

The next administration must develop a sensible defensive research program. One aim should be to determine the affordability and feasibility of a system offering some protection against an unauthorized or accidental launch or a missile fired by one of the wornisome number of countries that may be

acquiring long-range missiles. A second aim should be to develop survivable, cost-effective defensive options for enhancing the survivability of U.S. retaliatory forces, and systems for command, control and communications. Deployment of such options would depend on a number of factors, including Soviet weapons develop-ments and the START negotiations. We need to worry more about unconventional threats - for example,

Third World nations with weapons having chemical, biological or con-ventional warheads, such as those being used in the Iran-Iraq war. The superpowers have a clear mutual interest in preventing this proliferation. We also need to plan countermea-

sures and defenses against sabotage or terrorism of our command and control facilities and the fragile infrastructure of our civilian society. In conventional forces, the Soviet Union and its allies have a substan-

tial advantage in Europe, both in numbers and in equipment. Even more troubling is their capability for a potentially decisive short-warning attack. NATO's priority should be substantial, disproportionate reductions in the forward-deployed Soviet armor and artillery units that would be used in a "blitzkrieg" attack.

Conventional arms control can threat of war in Europe. Over time it reduce the incentive for a first strike can also lead to reduced arms spending in NATO and the Warsaw Pact. Our first step in these negotiations ments. The Reagan administration should be to seek an early data exdeserves credit for paying the way for change (tanks, artillery, etc.) for all relevant NATO and Warsaw Pact forces. Second, to reduce the possibili-

ty of surprise attack, we should propose interim on-site inspection by monitoring teams for all military mocontrol proposals and strategic plans bilization centers such as airfields, rail junctions and perhaps even military headquarters. Third, at the outset we should propose a series of verification experiments, perhaps performed by the same monitoring teams that would

We must not only have the right forces, we must manage them effectively and efficiently. The immediate challenge for the Pentagon is to work with the Justice Department in pursuing vigorously the investigation of the Defense Department procurement scandal. At the same time, Congress and the next administration must work together to correct any systemic flaws in the Pentagon's procurement system and restore public confidence.

Over the longer term, defense managers must increase military capabilities without large increases in defense spending. This will require stable, predictable levels of defense spending; improving the quality and au-thority of senior civilian acquisition managers in the Pentagon; increasing the standardization and commonality of weapons and equipment among our allies and our own military services; buying weapons at efficient production rates, even if it means cutting the number of systems in production; and closing unneeded military bases abroad and at home. The New York Times

A Scientist Talks Like **Gorbachev**

By Flora Lewis

P ARIS - The Soviet Union has P ARIS — The sower officer has just launched another speciacular space probe to Mars, with two vehicles to land on the Martian moon Phobos. Roald Sagdeyev director of Moscow's Institute for Space Re-Moscow's insurance for space Research, is proud but not happy.

Soviet science, he said in a recent interview, is "stultifying." He considers it in "decline," lagging behind in almost every field and requiring drastic beautiful programmed. tic changes in leading personnel and in the way research is organized He

suggests that Americans who rate the Soviets ahead are just trying to get more money for their own projects

Mr. Sagdeyev, 55, is a remarkable
man. Trained in atomic physics. He speaks openly and tries to practice what he preaches. He intends to resign from his important post in a few months because he feels a moral duty to comply with his rejected proposal that nobody should stay in a top job more than 10 years. He wrote a scathing article about Soviet science in the mass circulation paper Izvesta, soon to be published in America in

Issues of Science and Technology. General Secretary Mikhail Gorbachev echoed Mr. Sagdeyev's complaints and recommendations in speeches to the recent party confer-

ence, so somebody is listening.

Among the troubles Mr. Sagdere lists are political interference, "gigano mania," bureaucracy, lack of contact between researchers and students, "mefia" groups that keep Jews out of mi-versities and dominate the direction of learning, and stifling centralization that favors showy projects and starves ce-ative individuals of needed equipment

Lysenkoism, the Stalinist approach that allowed the pseudo-scientist Trofirm Lysenko to destroy Soviet biology. lives on in many fields, he says. What made him so open-minded?

He says that natural science, especially physics, affects how scientists think And Soviet physics had no Lysenka Somehow we were able to survive probably because the country wanted the bomb and rockets." He tells of the "bitter joke" of "Tass

science" — projects chosen for and rated by the publicity they get from Tass, not by scientific contribution. The Academy of Sciences, which has inmense power in allocating funds and promoting people, he calls 'just another bureaucratic ministry with a political rather than a scientific agenda.

He complains of far too much secrecy, and recounts the time he was warned before going to a scientific meeting abroad to give "no more than a kopeck's worth of information for every ruble's worth" he could get. He doesn't mind admitting be has bought embar-goed American computers for his institute from "the Moscow black market"

He wants to "democratize" the scientific establishment, open it to the world and force it to diversify its sources of funding and decision making. "We are carefully studying Western practica, how grants are made by government, by industry, by foundations, by pri-vate groups. We need phiralism, with several independent sources of finance. We have mafias which go for monopolies and use the party appear tus to repress adversaries.

His criticisms are aimed at his own country, particularly its neglect of basic research and scientific education. We forget that scientific exploration is done by scientists. The simple sol-diers in the army of science are left without even simple means, like personal computers or pure chemicals."

But his attack on "gigantomana" extends to America as well. "The Japanese are cleverer." He sees too much emphasis on manned space programs. "It's become a dogma." Americans argue for men in space to catch up with the Soviets. "Now our side argues that the U.S. wants a space platform, too, and that proves it's a good idea." There is repeated wasteful aping.
He points out that after the Saun-

5 rocket launched the Apollo, no other appropriate mission was found for it.
"But we felt inferior. The U.S. had a giant launcher, so we have to have one too — the new rocket Energia. The only use he can see for the giant booster is for America to award commercial contracts to the Soviets to launch star

wars" stations. That "would bring in-ternational glasnost," he jokes. Willy-nilly, there has been East-West scientific competition, especially in space, but it hasn't necessarily led to the hest choices. the best choices, for either country.

Mr. Sagdeyev is arguing for the restoration of truly scientific criteria in his own country. It would be good for all. And although, as he says, so far perestroika has brought only marginal reform" in Soviet science, it is encouraging that his lucid voice is added to the call for fundamental change The New York Times

100, 75 AND 50 YEARS AGO

1888: Physician Assailed LONDON - The St. James's Ga-

zette publishes what purports to be extracts from the German medical report on the Emperor Frederick's complaint. They purport to show that each German physician declared the disease cancer, but that Sir Morell Mackenzie disputed this, and that he it was who by examination unscien-tifically injured the throat of his pa-tient. The extracts are evidently maliciously made and adroitly put to-gether. They were shown to Sir Morell Mackenzie this afternoon [July 10], who said: "I deny absolutely all the allegations in the report. There are State reasons why these allegations cannot at present be denied in detail, the position of the Empress Victoria being one of the chief.

1913: War Ultimatum PARIS — The "Matin" this morning

[July 11] states that Roumania has declared war on Bulgaria, and pubends by triumphing over violence

lishes the text of the ultimatum which the Roumanian Minister in Sofia has been ordered to present to the Bulgarian Government. The Ronmanian Government declares that Bulgaria's sudden attack on the Servian troops and her failure to reply to Rounsnia's warning have compelled the Bu-carest Government to order its army to enter Bulgarian territory.

1938: Cathedral Restored RHEIMS - The centuries old cathe dral of Rheims, partially destroyed during the World War, was restored in all its pre-war glory to the people of France today. President Albert Le ple of France. Representing the people of France. Representatives of all the wartime Allied powers came to Rheims for the celebration. So did Marshal Petain and scores of government officials and other notables. In his sermon Cardinal Suhard, Arch-bishop of Rheims, pleaded for peace and declared that justice always

working on anti-drug legislation say privately that they would like the American public and press to send a one-word message to the two leaders of the Senate: Lead. They are not complaining about Robert Byrd of West Virginia. leader of the Senate's Democratic majority, or Robert Dole of Kansas, the Republican leader. But

PENTAGON

important tests in the careers of the two men lies ahead, and they want to apply as much pressure as Senate politesse allows. For Mr. Byrd, who has decided to retire as majority leader, the next few weeks present an opportunity for an achievement that says more

they think that one of the more

N EW YORK — Republican and Democratic senators

about him than the portrait that one day will hang in Senate halls. For Mr. Dole, the test will mean chance to rebound strongly from his primary defeats. It could help him become a vice presidential choice. Even if not, his performance will shape how the country and his colleagues judge the talented, in-triguing gentleman from Kansas.

Both men face the job of persuad-ing or bullying members of the Sen-ate to get together and pass a bipar-tisan bill which for the first time gives the country an organized, coherent, comprehensible, long-range and fully funded plan of action against drugs and the drug trade.

There has never been a better moment. Every politician knows that the public sees drugs as a great dan-ger today, one that will be bigger tomorrow. Elections are at hand. Strong political instincts tell members of Congress to take action between the Democratic convention this month and the Republican convention next month, before drugs

By A. M. Rosenthal

For an Anti-Drug Bill That Works

become an awkward election issue. Yes, politics, but more than politics. It is one of the few issues that cuts not only across party lines but across political cynicism as well. There is no shortage of plans. Senator Dennis DeConcini, the Arizona Democrat, and Senator Al-

Half the money should be spent to reduce the demand at home.

fonse D'Amato, the New York Republican, worked for months on a detailed piece of legislation. Senators Daniel Patrick Moyni-han of New York and Sam Nunn of Georgia led a Democratic working group which came up with a plan full of fresh ideas. A Republican

group has issued its own plan. Now it is up to the leaders to lead. to take the suggestions and produce one bill neither weak nor so overwhelmed with emotional tangential demands — like expanded death penalties - that it is talked or nitpicked to death or impotence.

The House of Representatives, where men like Charles Rangel, the New York Democrat, have steeped themselves in anti-drug legislation, will also need leadership. But the Senate will act first, which is why senators are nudging their own nudgers.
President Reagan says he is win-

ning the drug war. That draws blank looks or snickers from congressmen. depending on whether you are talking to a Republican or a Democrat. From the hundreds of pages of proposals for a new start, here is a

mini-guide to some that know-ledgeable congressmen think are particularly important: A coherent plan of organization, with a cabinet-level drug czar on top, and federally aided anti-

drug boards in the states and towns. More money — \$2.5 billion to
 S3 billion above the current \$4 billion. About half the money to be spent to reduce demand for drugs at home by treatment, education and law enforcement. Now about 75 percent goes to the effort to reduce the supply by combating the narcotics trade at the borders and at home and trying to reduce crops abroad.

Long-term financing to make sure that research, treatment and

law enforcement do not face the yearly threat of cutbacks. Special attention to drug disaster areas in big-city ghettos. The goal would be to end waiting periods and provide immediate treatment for every addict who wants it.

 More judges, police and prisons. More penalties such as withdrawal of driver's licenses and federal loans for first-time conviction for possession of drugs, instead of dismissal or token sentences. More money to enable the Coast Guard to fight smuggling. That is still the best use of the

military against drugs.

• Heavy prison terms for bankers involved in the laundering of drug funds. A strong anti-corruption effort, to convince people in the ghetto that the police really are destroying all seized narcotics, not just some. And—Jesse Jackson's supressions. And — Jesse Jackson's suggestion — a total effort to stop the sale of highpowered weapons with which the drug killers terrorize cities,

All this will not win the drug war. but it will get it started. The New York Times

A Scientist Talks Like Gorbache,

By Flora Lewis PARIS - The Soviet Union just launched another lar space probe to Mark but vehicles to land on the Mari Phobos. Roald Sagdeyev Moscow's Institute for search, is proud but not Soviet science, he said

interview, is "stultifying" ers it in "decline," lagging being almost every field and recome? tic changes in leading person in the way research is organically suggests that Americans who me Soviets ahead are just trying to go their room of their room. more money for their own by Mr. Sagdevev. 55, is a for

man. Trained in atomic speaks openly and tries to a what he preaches. He intends from his important post in the months because he lets and dury" to comply with his rejude posal that nobody should stay in the job more than 10 years lie scathing article about Soviet con the mass circulation paper in soon to be published in Anny Issues of Science and Technol

General Secretary Milital Go chev echoed Mr. Sandryov's explaints and recommendation speeches to the recent party to ence, so somebody is liste Among the troubles Mr. lists are political interference bureaucracy, lack of one тапіз." hetween researchers and sudant

ha groups that keep less on the versities and dominate the decay. learning, and stifling centralization favors showy projects and saven anve individuals of needed come Lysenkoism, the Staling that allowed the pseudo-tr fum Lysenko to destroy Some bale lives on in many fields, he says

What made him so open He says that natural science oper physics, affects how scientist And Soviet physics had no limit "Somehow we were able to me probably because the coming me the bomb and rockers' He tells of the "buter pole" dil

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	1987	1986
Sales (in millions of D-marks)	67,475	65,498
Domestic	28,064	27,838
Foreign	39,411	37.660
The Group's Divisions		
Passenger cars	31,472	31,405
Commercial vehicles	19,454	17,755
AEG	11.480	11.070
Dornier	1.589	2.113
MTU	2,832	2,770
Employees (at year-end)	326,288	319,965
Domestic	262.658	257,538
Foreign	63,630	62,427
(in millions of D-marks) Personnel expenses	20,670	19,36
Fixed and financial assets	12,202	10,85
Investments	5,251	5,580
Liquid assets	16,106	14,66
Cash flow	7,272	6,950

Net income

1,782

1,767

Our 326,000 employees, of whom more than 22,000 are involved in research, development, and testing, are highly motivated and poised to make full use of

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We know what we want, but equally important, we also know what is expected of us.



WASHINGTON — The Reagan administration is likely to announce within days that it will compensate the families of 290 passengers and crew who died aboard Iran Air Flight 655, a senior U.S. official said Sunday.
"We want to do the right thing,"

said Michael H. Armacost, undersecretary of state for political af-

In Tehran, Iranian leaders expressed pessimism Sunday over the outcome of the upcoming United Nations Security Council debate. but insisted that a diplomatic settlement was the best way to handle

The Security Council faces one of the major tests of its political history," Foreign Minister Ali Akbar Velayati declared. "The outcome of the debate will show how firmly it holds to the United Nations charter."

As compensation for relatives of those Mr. Armacost called "innocent victims of an air tragedy," he said the United States was consid-

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"I would expect a decision sometime early next week," he said.
The payments would be "ex gratia," which does not carry a legal connotation of culpability, said

Mr. Armacost, appearing on a CBS-TV interview program. "We would not contemplate payments to the Iranian govern-ment," Mr. Armacost said. "I think one possibility would be through the Red Cross or through the Red Crescent, humanitarian organizations who would deal with the indi-

The U.S. ambassador to the United Nations, Vernon Walters, speaking on ABC-TV, said that when Iran took its case to the UN Security Council, he was "going to defend the circumstances under which this occurred."

Mr. Velayati, the Iranian foreign minister, made his remarks about the Security Council before leaving for New York to attend the meet-

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ering "a humanitarian payment to ing, which is to open on Tuesday. the victims' families, and that in-cludes a lot of third country nationister, Mohammed Jawad Larijani, said Iran preferred to settle the issue through diplomatic channels. He implied that even if the Unit-

ed States vetoed a Security Council

resolution, this would not necessarily spark a violent reaction. Speaking at a news conference for foreign reporters, Mr. Larijani also said any direct or indirect contacts with the United States "fol-lowing this incident" would serve no purpose as long as Washington was "consistently pursuing its po-

licy of hostility toward Iran." The Sunday Times of London meanwhile, reported that a British intelligence report based on monitored radio exchanges was "severely critical" of the U.S. Navy.

The report concludes that the flight left Bandar Abbas for Dubai only three minutes late, was on the correct path and was climbing, not Communications Headquarters, a descending as the Americans reported, when it was shot down.



lran's deputy foreign minister, Mohammed Jawad Larijani. speaking Sunday in Tehran.

The Times said the report was based on conversations monitored during the critical two hours leading to the shooting down of the. airliner. The conversations were intercepted by the Government top secret agency with listening posts in the Gulf.

IRAN: Jet Loss Stirs Weary People

(Continued from page 1) support of a majority in the Revolutionary Guards. Significantly, they also are believed to have the backing of Ayatollah Khomeini's son, Ahmed, who is thought to have growing control of the instructions emanating in the name

of the ayatollah. The power battle is being fought within the context of major, and interrelated, setbacks in both the

Gulf war and the Iranian economy. On the front, the first telling event of the year was the exchange of missiles between Baghdad and Tehran that, for the first time, brought the Gulf conflict to the Iranian capital. For two months. missiles rained daily on the people and buildings of Tehran, leading to what several sources described as terror and a scrambling exodus by those who had the means to escape.

"The war of the cities had a tremendous psychological impact, said a diplomat. "Nobody had dared to criticize the war before," he said.

Meanwhile, Iraq has greatly increased its use of chemical weapons against Iranian forces and in contested civilian zones. "It was the first time the Islamic forces felt fear." the diplomat said.

Stories have spread in Tehran of Iranian forces — regular army. conscripts and Revolutionary Guards alike — fleeing battlefields. In the spring and early summer

came a series of major defeats on the ground as zone after zone of hard-won territory fell to Iraq. In April, six ships -- one-fifth of Iran's naval force - were sunk or

crippled by the United States. Amid continuing military reverses came indications that Mr. Rafsanjani and his allies in the government were exploring the possibilities for a political solution.

The combination of these factors - the missiles and chemical wearons, the battleground defeats and rumors of preparations for peace, even while the regime was exhorting its citizens to step up the war effort — has led to a sharp drop in the number of military recruits and to demoralization.

The government, which has portrayed the U.S. downing of the Iran Air flight as part of the American-backed Iraqi war effort, clearly hopes that the emotion that it has generated will rekindle enthusiasm to volunteer, and already has called for Iranians to show their outrage by signing up for the front.

The war and the economy are intertwined. Economic decline and a shortage of foreign currency reportedly have led to increasingly serious difficulty in obtaining the arms and ammunition, thus contributing to defeat. The longer the war continues, the more precarious the economy.

On its most tangible level, the conflict with Iraq this year will cost Iran between 40 percent and 50 percent of its revenue.

The mainstay of the economy is oil, providing up to 90 percent of income. But although Iran is still pumping 1.6 million to 1.7 million barrels a day, the oil is becoming harder to sell. One reason is the depressed international market and high Western stockpiles. But according to several sources here, there are few buyers right now for Iranian oil, at any price.

They have had to store it at their own cost at distribution points outside the country, particularly in Rotterdam, said a diplomat who ecializes in economic analysis.

Although a number of Western countries and Japan have long ignored suggested boycotts of Iranian oil, they are now finding it easier not to buy from Iran.

Prices have been rising steadily. Basic commodities for lower income residents are heavily subsidized, through a rationing system, by the increasingly strained government. While the middle class feels the tightest pinch, the upper economic echelon "still has plenty of money" because the government needs its services and expertise.

But even the "bazaari," the prirate tradesmen who run much of the import-export system here, are finding it difficult to do business. The shortage of foreign currency has been exacerbated by what they described as the lengthening tentacles of the Islamic bureaucracy.

moderates "favor a political solu- 1 is fixed, we will have the Stealth." will save the economy." But "it's flight in August. very difficult because of the confusion now between what is war and what is revolution. If they drop the war, do they drop the revolution?"

That, he and others said, is why Ayatollah Khomeini has thrown much of his weight behind continuing the war. There is widespread eement here that, no matter what the cost to Iran, the conflict will not end before the ayatollah

WARSAW: An Unlikely Hero

(Continued from page 1)

and the mass deportation of Polish civilians to Soviet labor camps.

Despite inching closer and closer to the truth, however, neither the Soviets nor the Polish Communists have acknowledged Soviet responsibility for Katyn. As a result, says average activist in their organiza-Mr. Michnik, "the central issue is tion remains deeply skeptical about mow whether Gorbachev will tell Mr. Gorbachev's policies. the truth about Katyn, because Katyn has been the subject of the most lies over the years."

"If Gorbachev speaks on Katyn, it will be a symbolic event that Poland if Solidarity would tell people that for the first legal recognition again.

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time, a Soviet leader wants to have allies in Poland besides the Communists," said Mr. Litynski. "But it would open a Pandora's box for the Polish party, because the party's history is tied very closely to Ka-

Leaders of Solidarity say that the Mr. Gorbachev's policies. Nevertheless, the unions' top

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strategists appear to be convinced on one key point: Mr. Gorbachev. they insist, would not intervene in Poland if Solidarity were to win

INTERNATIONAL CLASSIFIED

(Continued from Back Page)

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precedented in the history of the information, but released partial

Mexico Opposition Refuses to Concede

(Continued from page 1)

(Continued from Page 1) able to do that mission in the way it

By William Branigin

Washington Post Service

left opposition candidate, Cuauh-

témoc Cárdenas, claiming he had

won Mexico's presidential election,

deployed his followers Sunday to

monitor vote-counting at centers

across the country as the Federal

Electoral Commission began total-

The action followed his state-

ment Saturday night, when Mr. Cárdenas declared victory and

means of electoral fraud, failed to

accept defeat, it would be "the

technical equivalent of a coup d'état" and his followers would be

A president thus installed, he

added, would lack legitimacy and

the country could become ungover-

Joining supporters of Mr. Cárde-nas' National Democratic Front to

at many of the electoral commis-

BOMBER:

Design Flaws

sion's 300 district committees were

ing final official results.

warned that if the governm

forced to take to the streets.

MEXICO CITY - The center-

was advertised." Air force officials contended that the bomber could perform its mis-sion, but said the limitations could

force planners to "compensate for that through some other aspect." Although the nature of possible changes is classified, officials said these could include finding alternate routes to targets, relying more

heavily on other capabilities of the plane and using other weapons sysems against Soviet defenses. Mr. Aspin contended that the newly found problems "increase risks for the pilot and diminish the capability of what we bought."

Since the first of the bombers became operational in 1986, the plane has been plagued by problems, ranging from flight controls to its terrain-hugging radar.

While the air force said it had corrected those problems, the electronic countermeasures, or ECM. system has continued to pose the most serious problems.

The recent tests, Mr. Aspin wrote in a memorandum distributed this week to fellow subcommittee members, revealed "limitations within the current system architecture" that will "prevent the B-I ECM from ever achieving full operational capability."

The air force does not yet know whether it can correct the system or will be forced to develop a new one. The electronic system operates on eight bands that detect incoming radar signals and uses jamming to prevent defenders from targeting the bomber.

The B-1B was built to fill what the administration saw as a gap between the aging B-52 bomber force and the Stealth bomber, but According to a diplomat, the Mr. Aspin said, "By the time the B-The Stealth is to make its first

Soviets Reinstate Bukharin, Shot In Stalin Purges New York Times Service

MOSCOW - Nikolai I. Bukharin, a rival to Stalin who was shot in 1938 as a spy and "enemy of the people," has been fully rehabilitated and reinstated to membership in the Communist Party, according to a party commission reviewing Stain's repressions.

The decision, announced on Saturday, follows a judgment earlier this year that Bukharin had been falsely expelled from the party in 1937 and then convicted. It marks a major step in efforts to face up to dark aspects in Soviet history. The rehabilitation has important

implications for the efforts of Mikhail S. Gorbachev, the Soviet leader, to revitalize the Soviet Union. Many of Mr. Gorbachev's programs, particularly his moves to decentralize economic management and to make the system more democratic, echo policies that Bukharin supported in the 1920s.

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MILES: A Jazzman and His Brush painted them. They're certainly not

thighed, long-legged women from

Rio show up regularly. Since he entered his rock star period in the early 70s, Davis has may be a fault or a virtue. But I been known for his colorful cos-wonder if I'm only looking at them tumes. Did his interest in color begin with clothes? "Sometimes certain colors fit certain days," he said. "Like I'll want blue all over. But I might change my mind five

"Does music translate into color for you?"
"You mean do colors flash

through my head when I play? You'd be surprised what flashes through my head."

He was chain-sipping iced tea. Central Park was spread out through the window behind him. Some sort of business associate walked in and Davis said: "You should see a doctor." The man looked surprised and asked why. You need a personality change." Miles Davis is not also known as

good deal of ambivalence on his new activity: "Quincy Jones called me up and said 'Man, I want to buy one of your paintings.' I told him to ter. But, hell, I'd give one to him. I had to make money from this, I'd starve. It's only my name. People say 'Let's see what Miles is thinking about.'" them. Stylistic curiosity might very well wane after leading the way

He looked down at the canvases make enough royalties so that I'll be 95 before I spend all the money

form in mind? Or do you figure it myself stop a week before a concert out as you go along?"

Then all the rest I improvise. Lines get nervous. But they both turn me and circles. Maybe I'll want to wiggle the lines, maybe I'll draw a breast and an eye. I work from the subconscious, like music. It has to do something to me. I couldn't GROSZ: write a piece of music that doesn't make me tap my foot or make me feel something inside. Once the form is there, it's like an arrangement with openings for solos. It's a matter of balance. You can't have too much black, black is heavy. Like you can't have too much saxophone. Supposing there's a composition and the saxophone player can't get the style. You have to get another guy to fit in there. Like

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ly and where "bosses and employes cannot feel safe and secure if they do not perform well," RANKFLIRT "TOP TEN" ESCORT SERVICE TEL: 049 / 55-86-24. THE BEST IN TOWN. When his interviewer suggested LONDON BRAZILIAN ESCORT Service. Open seven days a week, Multi-lingual. Tel: 01 723 4666. were describing a capitalist system, the party leader responded: "If

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arms when he was baptized as a

Institutional Revolutionary Party. results, based on 6.7 million votes,

with 29.6 percent and Mr. Clouth-

Mr. Cárdenas, 54, an Institution-

victory claim on electoral figures

received by his National Demo-

cratic Front coalition "and, above

all, information of total credibility

from the interior of the govern-

He declined to elaborate on this

bad, they're not ugly. I just have

trouble relating to them. When I

hear Miles's records, I see him.

don't see him in his paintings. This

wonder if I'm only looking at them

Davis has problems moving

from an improvised idiom to one

where mistakes can be corrected.

not careful you can lose it, lose the

say. I said it over and over - 10, 20

times. And I lost it. That can hap-

pen when you keep redrafting something. You lose it."

Michael Elam, a young painter

with a degree from New York Uni-

versity, travels with Davis as gener-

al assistant and unofficial curator

of his growing collection. Davis has

been asking Elam for details and

confirmation about art history and

technique throughout the conver-

sation. On the road, "if it turns out

I'm not going to get the right price,

rather than argue with the promot-

er, Michael and I go to see what the

young artists in town are up to. We

bought some beautiful paintings

from a Moroccan in Tours, in

France, I think his name was Ja-

mal. I like Europe. The music

sounds better in Europe. I say, 'Mi-

chael, we'll spend \$5,000. Let's go

about music that no longer satisfies

on. Why should I have to choose?"

Soviet Example

(Continued from page 1)

marks by defending the police

strong-arm tactics to break up a

small demonstration held in Buda-

pest on June 16 to commemorate the 30th anniversary of the hanging

of Imre Nagy, the prime minister of

thrown by Soviet troops in 1956.

and no justification" for reconsidering "the character of the 1956

events," although he contended

that individual aspects of the upris-

"It would be very timely and

topical for a sociologist to write a study about the broadcasts of Ra-

dio Free Europe and the Voice of

America and about the way they

misled public opinion, the way in

which they incited the Hungarians

While Mr. Grosz's statements

rival companies compete vigorous-

to revolt," he said.

ing should be studied by historians and others.

the revolutionary government over-

He also said there was "no room

out and buy some paintings."

because they're by Miles."

ier with 16.6 percent.

Mr. Clouthier called on his Na-

tional Action Party to start peace-

ful "civil resistance" Sunday, such

as blockading roads leading across

the U.S. border. He, too, is de-

manding that the government re-

spect the vote in the disputed, high-

ly charged and confused July 6

elections for a new president and

Electoral commission officials

said their 27-member body, domi-

nated by the governing Institution-al Revolutionary Party with a two-

thirds majority, would begin

evaluating results and electoral

protests submitted by the district

committees Sanday. They said fi-nal results could be made public

late Sunday, or Monday morning.

of Mexico, with its population of

more than 80 million, raised the

guard against alleged voting fraud prospect of a political crisis un-

The rival claims to the leadership

times before a concert and I always decide at the last minute."

the "Prince of Darkness" for noth-

Although he kept referring to painting as his "hobby," the works exhibited in Munich will be priced from \$750. There is obviously still a call [Davis's personal manager] Pe-I'm always giving sketches away. If

on the floor and murmured, as funk. though to himself: "Just doing this, could I make a living? Maybe so." Then the doubter was the confident pop star again: "Fortunately, I have something to fall back on. I and wear all my clothes.

copy, it always ends up being some-"Do you approach a canvas like thing else. And once I start painta musical composition, with some ing I can't stop. I have to make or I'd never pick up the trumpet
The color. I get the color first. and practice. When I don't paint, I

another color. Don't force it."

Davis went to Juilliard at the same time as Larry Rivers, one of America's most respected and suc-cessful painters, who was then a professional saxophonist and still plays regularly. "I haven't seen enough of them to be a good judge." Rivers said. "But I keep wondering what I would think of the paintings if I didn't know who

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they are efficient. I find things sympathetic, regardless of slogans. I SOPHIE FRENCH SPEAKING Sophish-cated Escort and Guide Service. Tel 370 4067 Landon. think we cannot live on slogans. The duty of theory is not to justify

existing practice." ESCORT SERVICE, CENTRAL ***
HEATHROW (1:373-5719 to the United States he would visit an 84-year-old aunt who emigrated from Hungary in 1936 and who MUNICH ** 91 23 14 ** ESCORT AND GUIDE AGENCY. The Friendly Service. now lives in Santa Monica, California. Mr. Grosz said the woman, his mother's sister, had held him in her

followers of the conservative presifor party has held unchallenged showing him ahead with 383 per
for nearly 60 years.

cent of the vote, followed by Mr. dential candidate, Manuel Clouth-power for nearly 60 years. Salinas with 32.7 percent and Mr The Institutional Revolutionary Clouthier with 25.2 percent Party's presidential candidate, Carlos Salinas de Gortari, declared vic-

How many of Mexical 38 million registered voters actually ballots is not yet known.

Until then Mr. Cardens had issued only "preliminary data" that showed him leading but stopped short of proclaiming victory in reply to a question, he said he was not declaring himself president along tory a day after the election, based on his party's secret partial returns. The latest partial results from the electoral commission, based on 10.1 million votes from slightly more than half the country's polling centers, showed Mr. Salinas leading with 48.7 percent of the vote, followed by Mr. Cardenas pty to a quession, we saw in was not declaring himself president elec-because it was up to the Federal Electoral Commission to do so.

The confusion over who had won the election deepened Priday when the Federal Electoral Commission al Revolutionary Party maverick, said Saturday: "We have won the presidential election." He based his canceled all further scheduled meetings and said no election results would be announced until Sunday.

The Institutional Resolutionary Party has won every presidential election since coming to power in 1929, and has never lost a senatorial or gubernatorial race. But party officials acknowledged that Mr. Salinas had lost in Mexico City and four nearby states, and that the opposition was certain to win a handful of seats in the Senate and substantially increase its presence in the lower house.

Faced with unprecedented state level losses in the presidential elections and a new federal legislature a major faction of the institutional Revolutionary Party on Smaday de manded a recount of the presidential vote in Mexico City, the country's largest concentration of voters, where about 14 percent of the registered electorate lives. Mr. Cárdenas called the rec

move "very grave" and wowed W He compares it to acting: "If you're fight it legally. feel. I was doing a commercial and I had to say, 'The hottest ticket in town is ice cold.' That's all I had to

Arab Unrest Enters 8th Month, 3 Die

JERUSALEM — A Palestinian was shot to death in a clash with Israeli troops on Sunday, and a weekend general strike paralyzed the occupied West Bank and Gaza Strip. The death was the third such death in three days. eath in three days.

The stepped-up Palestinian an-

rest followed a call from underground Arab leaders for protests and for businesses to shut down to mark the start of the eighth month of a Palestinian uprising against Israeli rule. A spokesman for al-litthad hos-

pital in Nablus said Zohdi Man-It may be that musicians start to sour Zrigeb, 17, died after troops paint because there is something shot him in the less at a demon tion Sunday in the Askar refuse "An army patrol was attacked by

through beloop, modality, rock and about a dozen youngsters throw stones," an army spokes "It doesn't have anything to do "so soldiers opened fire when life with that," Davis said. "There's alwas endangered." ways music in my head. I hear mu-

Soldiers confined residents to sic walking down the street. I hear their homes after the shooting. it talking to you, now. Look, some They also declared parts of the of these people paint flowers and West Bank "closed military gress," desks. They copy things. I can't which prevented entry to journal

> Troops shot and killed a 25-year. old man in the Jabalya refuse: camp in the Gaza Strip on Saturday, and a 22-year-old died after a clash between stone-throwers and soldiers near Nablus on Friday.

The army also said it had destroyed five houses of Palestmians living in the Gaza Strip who were suspected of preparing or hurling fire bombs at army patrols or of trying to shoot or stab Arabs su-pected of collaborating with Israel

The army says a house demolition, even before a suspect's indictment or trial, serves to deter others from carrying out anti-Israeli at-At least 227 Palestinians and

four Israelis have died in the uprising, which began Dec. 9.
Schools, shops and businesses were shuttered for a second straight

day Sunday across the West Bank and Gaza Strip. Arab-owned boses and taxis were at a standard, but military sources said Israeli #1-4 thorities brought buses to the Gapa Strip to take an estimated 35,000 Palestinians to work in Israel.

ISRAEL: Sale Is Protested

(Continued from page 1)

bia. He contended that Israel might Mr. Grosz lavished praise on Mr. have been able to persuade Wash-ladar, calling him "the most out-ington to limit the number of Kadar, calling him "the most outstanding figure in the last four de-cades of Hungarian political histoplanes sold and put conditions on their use that would have protected Israel from attack.

Mr. Rabin, also of the Labor about political change were hedged with qualifications, his embrace of alignment, rejected both arguments. He told Mr. Arens that Israweeping upheavals in the Hungarel should continue with lower cost ian economy was touched by fer-vor. Going through a long litany of goals, he said he favored "a market military projects rather than revive the Lavi. As for Mr. Weizman's claim, Mr. Rabin said sales of the which it is the consumer and not F-15s and F-16s would have been the producer who dictates," where far more damaging to Israel.

M Kuwait-Soviet Arms Deal Kuwait signed an arms agreement with Moscow two days after the U.S. Senate voted to block the that Mr. Grosz sounded as if he sale of American missiles to the Kuwaitis, Renters reported from Kuwait, quoting the official KUNA news agency.

KUNA spoke of "some military equipment" without elaborating Diplomats said this suggested a small contract, perhaps guis or He also said that during his visit communications equipment

They said it was a clear signal to Washington that Kawat would turn elsewhere if Congress and not approve a request for 40 F-18 bombers and advanced missiles. The Senate voted Thursday to eliminate air-to-ground Maverick missiles from the package.

Monthly Report

Korea Fu Stiff Pres

1985 pare puls the Korean econ. ands expanding As 17 coc

his little wonder that the sock market. If you believe my will grow, thus stock mark growth, says II) as 18 han, a ber of the emerging markets pour Vickers in London The problem faced by fo high cost of investing in Kore ment has pledged to open the renains in effect closed to abroad. Foreigners are limit handful of convertible ponds All the funds are effectively mots, which means they be shares. The demand for Ke

strong that they have long moss of the underiving mus heldings. The best known of the fur which mades on the New York the Korea-Europe Fundinghis noch erchange about 15 m Fund, with about \$245 7 miles ly unding at deutile its met Kores Europe Fund. 1988. 1994 was quoted at a To percent pro is boldings. The still premiums on the how accustomed intentions has

an market's upward dinner an for it thus year. Starting with a the Konean Composite Stock percent over the gust threepercent last year alone In 1988, the market has mapercent in the first four mont nin the early summer. For d rise in the Korean with the said

about 15 percent up time sust 11 OST FORECASTS Keep on climbing as Korean investment ament would be acothe back while the country is in a light say observers. That view economic growth, leads, and/s posed by political upheavais my's beavy dependence on the absorbs about 40 percent of it But the key question for an res's mey outlook is worth par

the underlying equities. Nicho the Korea Fund argues that that far out of line to interna-He figures that Korean st trading at about eight or nin carnings for Jugs | Paying and S a fand would be equivalent to stocks at 14 to 15 times proje that Mr. Bratt finds reasonable "To pay 14 to 15 times eart meacy participation, is a ve the American market is seitin Bratt says.

Analysis say the difference diversification of the two close ing point as the Olympic Gan market has been led by blue c eadership from the financial ally. That could benefit the N fund whose large portions is industrial place chips What I expect ahe ad of the the net asset value of the Kor than that of the the Kor

than that of the Korea Euro Continued On P UPDATE ===

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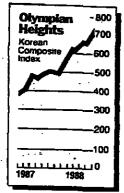
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Korea Funds: Stiff Premiums



HEN THE TORCH is lighted at the Olympics in Seoul this September, the international spotlight will be on the best and strongest ath-letes. But some of the light may also fall on one of the astest-growing economies in the world.

Last year, the South Korean economy grew at a brisk 122 percent rate. Growth is expected to slow this year to about 8 percent, but even that

pace puts the Korean economy in the first rank of rapidly expanding Asian economies

It is little wonder that investors crave a piece of the stock market." If you believe that the Korean economy will grow, this stock market is the best warrant on growth," says Ilyas Khan, a vice president and mem-ber of the emerging markets team of Citicorp Scrimgeour Vickers in London.

The problem faced by foreigners, though, is the high cost of investing in Korea. Although the government has pledged to open the market to foreigners, it remains, in effect, closed to direct investment from abroad. Foreigners are limited to nine funds and a handful of convertible bonds.

All the funds are effectively closed-end investment trusts, which means they have a fixed number of shares. The demand for Korean investments is so strong that they have long traded at prices far in excess of the underlying market value of the funds'

The best known of the funds is the Korea Fund which trades on the New York Stock Exchange, and the Korea-Europe Fund, which listed on the London stock exchange about 15 months ago. The Korea Fund, with about \$245.7 million is assets, was recently trading at double its net asset value, while the Korea Europe Fund, with assets of about \$76 million, was quoted at a 76 percent premium over the value of

The stiff premiums on the funds reflect, in part, how accustomed investors have become to the Korean market's upward drive, and the high expectations for it this year. Starting with a summer boom in 1985, the Korean Composite Stock Index has jumped 370 percent over the past three years and was up 98 percent last year alone.

In 1988, the market has marched ahead another 50 percent in the first four months before retrenching a bit in the early summer. For dollar-based investors, a rise in the Korean won has sweetened the returns by about 15 percent in the last 12 months.

OST FORECASTS call for the market to OST FORECASTS can for the market to keep on climbing as the Games gear up. Korean investment firms and the Seoul government would be loathe to see any serious setback while the country is in the international spotlight, say observers. That view, along with the strong economic growth, leads analysts to dismiss the risks posed by political upheavals or the Korean economy's heavy dependence on the United States, which absorbs about 40 percent of its exports.

But the key question for investors is whether Korea's rosy outlook is worth paying twice the value of the underlying equities. Nicholas Bratt, president of the Korea Fund, argues that the premiums are not that far out of line by international standards.

He figures that Korean stocks as a whole are trading at about eight or nine times their forecast earnings for 1988. Paying an 80 percent premium on a fund would be equivalent to buying the underlying stocks at 14 to 15 times projected earnings, a level that Mr. Bratt finds reasonable.

"To pay 14 to 15 times earnings, in this potential currency participation, is a very good deal, because the American market is selling at about that," Mr.

Analysts say the difference between the size and diversification of the two closed-ends will be a proving point as the Olympic Games near. To date, the market has been led by blue chips, which took over leadership from the financials that led last year's rally. That could benefit the New York-listed Korea Fund, whose large portfolio is heavily weighted in . industrial blue chips.

"What I expect ahead of the Olympic Games is for the net asset value of the Korea Fund to do better than that of the Korea Euro Fund," said Michael Continued On Page 10

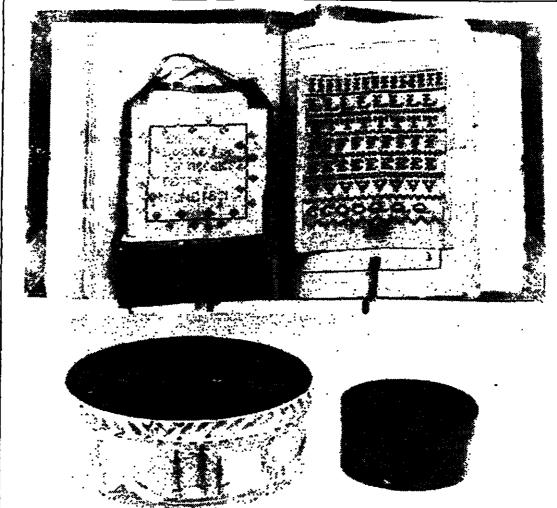
Folk Art: Finding the **Real Thing**

Collectors of American folk art used to have little to worry about when it came to fraud. Few pieces were valuable enough to attract

counterfeiters. But in recent vears, the market has seen a sharp runup in prices. Now collectors have to be on the lookout for pieces of dubious

Often, fake pieces have been given a older, more "antique" look than the originals. Of the two pieces of needlepoint shown here, the one on the right is authentic, while the one on the left is fake. Similarly, the plain wooden box on the right, dating from 1894, is the real thing, not the more decorated one on the left.

Source: Maine Antique Digest



In some cases, an astute individual

may be able to recognize misdrawn

proportions in a copy, or, as in one case, observe that Dali's "The Discov-

ery of America by Christopher Colum-

bus" was originally an oil painting and

never the subject for a lithograph.

More often, though, it takes an expert

to decipher the nuances in style and

technique that determine authenticity.

But even experts can have a difficult time. Bona fide 18th-century French

Sevres porcelain is among the hardest to confirm, according to Mr. Battie,

who also oversees Sotheby's Black Mu-

seum of fake pottery and glass.

Hot Collectibles Draw Counterfeiters

Knowledge is the best protection against fraud.

By Cynthia Catterson

ARRY FORLANO keeps a small plastic box on his mantel as a reminder. A dealer in antique Oriental rugs, a few years back Mr. Forlano bought the box at a New England country auction for \$2,600, believing it to be a valuable 19th-century scrimshaw whalebone ditty carved by a sailor. But when he brought it to Sotheby's in New York to resell a few months later, Mr. Forlano had to face every collector's worst fear: the item was a

fake.
"Normally, I wouldn't have bid on something like this, but there had been a lot of publicity at the time about a Sotheby's auction of marine antiques that had brought in tremendous sums of money. So when I saw other dealers also bidding on the box, I thought I was really onto something," Mr. For-

Unfortunately, Mr. Forlano's experience is not uncommon. Famous and valuable objects have been copied for centuries, and counterfeits have fooled some of the most knowledgeable experts. Moreover, observers say that a combination of increased interest in collecting and record-breaking prices for art and antiques in recent years have served as fodder for fraudsters

"With the prices for masterpieces sky-high, people have started to think of art as a safe place to park their money," says Constance Lowenthal, executive director at the International Foundation for Art Research in New York and an expert on art fraud. "And the charlatans are taking advantage of that perception."

For example, interest in American folk art has not only helped to propel prices, but it has also resulted in a spate of articles of dubious origin.

Samuel Pennington, editor at the Maine Antique Digest and curator of a recent exhibition of fake American folk art, notes that early collectors did not worry about fakes because the genre was not considered valuable enough to duplicate. But as simple 19th-century items like a wooden duck decoy, Indian weathervane and needlework started to fetch five- and six-figure sums, "faked folk art started to enter the marketplace," he says.

Spurious reproductions of famous lithographs are another area of conworks by Salvador Dalí have become such a problem that major auction houses like Christie's and Sotheby's turn away most Dali prints made after

The problem is compounded by the fact that Dall personally autographed a number of blank pages in his later years, and few records were kept of the number of original prints that were authorized by the artist. As a result, it is difficult for experts to distinguish the authorized work from the thou-sands of pirated editions. "There is virtually no secondary market even for legitimate Dali lithographs anymore," according to Virgilia Pancoast, director of the authentication service at IFAR.

Fake lithographs of other artists such as Joan Miró, Marc Chagall and Pablo Picasso are also problematic. Moreover, Ms. Pancoast notes a rise in forged paintings by so-called second-and third-tier artists, such as the 17thcentury Flemish painter David Teniers the Younger, Impressionist Edward W. Redfield, and the 19th-century Hudson River painter Albert Bier-

Exporters Are on the Rebound By Patrick L. Smith

Why Japan's

HEN THE YEN rocketed upward in 1985. the reaction of investors, particularly for-cigners, was predictable. They dumped the darlings among Japan's export sector, send-ing some of the best-known names on the Tokyo Stock Exchange into a steep slide. By early 1987, many oncestrong players in international markets, including such companies as Sony Corp., had lost up to 40 percent of their stock market value.

What few analysis had foreseen, however, was the remarkable resilience of these companies. Many of the blue chips in the export sector have made radical adjustments to a world in which the yen is no longer cheap and the markets abroad no longer assured.

Indeed, after two years of decline, Japan's overall exports began a marked recovery in the third quarter of last year. Since December they have risen at least 10 percent a month in volume terms from the year-earlier period.

Even with this recovery in exports, the sector as a whole has remained at what passes in Tokyo for a modest priceearnings multiple. Exporters have been rated lower than the market as a whole since 1981, when two badly botched new issues sent Japanese equities into a tailspin, with highly priced blue chips leading the way down. This leads many analysts to rank some of these stocks among the best values available in Japanese equities. "You're in a virtuous circle at this point, and the situa-

tion will continue improving over time," says Jeff Max Uscher, who heads research in Tokyo for Smith New Court, the London-based brokerage. "The best of the exporters can already cope with a yen at 110 to the dollar.

How did these concerns manage to confound the economists, surviving global exchange-rate policies that more than doubled the yen's value over a three-year period?

The basic strategies have been clear since the yen began to rise: Less expensive sourcing of components, a massive move into overseas manufacturing, and cost-cutting measures at home, which have ranged from reduced work forces

to the streamlining of operations.

As important as any of these has been the lower cost of imports. Import prices are expected to drop faster than export prices in 1988 for the third consecutive year. For manufacturers, overall costs of supplies are forecast to fall

Continued On Page 8

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original Sèvres pottery. Because the

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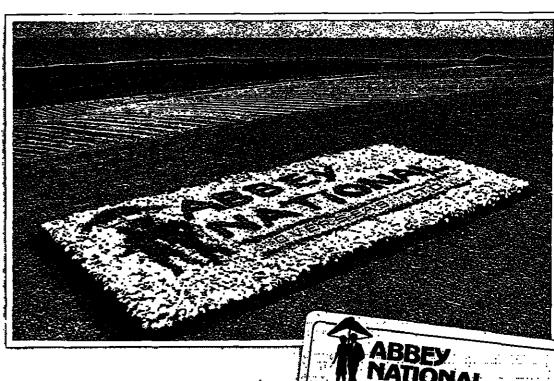
and the fakes can be extremely subtle,

painted animals, but it will be signed

Continued On Page 10

"Sometimes a fake will have hand-

says Mr. Battie.



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UPDATE ____

Luxembourg Takes Lead on EC Rules

OPING TO bolster its role as a financial center, Luxembourg has jumped ahead of fellow members of the 12-nation European Community by adopting uniform regulations governing the sale and management of investment funds. The new set of rules, which EC members are expected to enact by Oct. 1, 1989, will make it easier for funds based in one EC nation to be sold to residents of

Some observers believe that by adopting legislation March 30 that conforms to an EC directive approved in 1985, Luxembourg may be in a position to attract fund operators, particularly those based in the Channel Is-

Officials at the the Luxembourg Monetary Institute, the chief regulatory authority, say it is too early to tell if the legislation has speeded the flow of applications seeking to establish new funds. They seem to be coming in at the same rate as before" says Charles Stuyck, securities chief at the institute.

In the first three months of 1988, 58 new funds were incorporated in the Grand Duchy, bringing the total to 463. About 120 applications are awaiting approval. Total assets in February reached a record 1.29 trillion Lux-embourg francs (\$34.23 billion), rebounding

from last October's crash. The fund industry boom began in 1983 following legislation that set regulatory guideines and created the SICAV, or variable capital investment fund under company statute. The law also exempted funds from income

The move may help the Grand Duchy compete as a center for fund operations.

taxes and from withholding taxes on divi-

Luxembourg's new regulations incorporate the 1983 provisions as well as the measures contained in the EC directive. These establish common rules for the control, structure, investment policies and public disclosure for the funds. For example, funds are prohibited from purchasing precious metals and from putting more than 10 percent of their assets in a single investment, unless the investment is issued or guaranteed by a member of the

The aim is to provide a minimum level of protection for investors throughout the Community, thus eliminating legal obstacles that prevent the marketing of investment funds across borders. A fund registered in Luxembourg — or in any other EC member that enacts the directive — will be free to offer its shares to investors in any EC country. However, those sponsoring funds will have to abide by local advertising restrictions. The practical effect of Luxembourg enact-

ing the directive, at least for the moment, has been to enhance its attractiveness as an offshore center. While sharing Luxembourg's tax advantages, the Channel Islands do not qualify for full EC status. Therefore, funds domiciled there would not be able to compete with Luxembourg-based funds in the European marketplace of the 1990s.

Many of the recent applications received by Luxembourg authorities are from Londonbased asset management companies now operating on the islands. Applications are also coming from Switzerland, the United States and Japan, all hoping to use a Luxembourg registration as a bridge to market shares in the

The new law requires Luxembourg-domiciled funds to be administered in Luxembourg, though actual asset management can continue to be performed outside the country.

How long Luxembourg will enjoy the advantage is problematic. S.G. Warburg's Richard Bernays, who manages four Luxembourgdomiciled funds with total assets of \$750 million from Jersey, believes the new law could produce a flow of funds from the Channel Islands to Luxembourg.
But this would likely halt, he says, if Britain

or other EC countries allow the same tax benefits as Luxembourg, or if the Grand Duchy is forced to eliminate its tax advantages as Europe creates a truly common market by the end of 1992.

Jacques Neher

Knowledge is a collector's best protection against fraud, experts say. "Forgers don't always do all their homework," says David Battie, a director at Sotheby's in London, "They will usually get a few of the finer details wrong, but you have to know enough about the subject to catch the mis**Ad and PR Firms**

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THE BOURSES

U.K. Image Makers Target a Unified Europe

By Marybeth Nibley

HE PUSH by the 12 European Community nations to meld themselves into a single market by the end of 1992 — free of restrictions on trade and financial flows has set investors scrambling to target the businesses most likely to benefit from a unified economy. Two ectors receiving particularly close scrutiny are adveritising and public relations.

The integration of the markets, helped along by the emergence of European-wide commercial television linkups, is expected to stimulate advertising demand. Ad agencies are seen benefiting from the emergence of pan-European brand names as food and other sumer-product groups consolidate to take advantage of larger-scale markets. In the financial field, the easing of restrictions on the cross-border sale of products such as mutual funds and insurance seems likely to add to demand for advertising and market-

It is far too early to quantify the effects of the 1992 changes on the European market for advertising and public relations services. But the trackers of the EC advertising market are encouraged by the steady rise in total expenditures on all kinds of electronic and print media in recent years.

In 1988, the Advertising Association, a Londonbased trade group, estimates that total EC ad spending will rise 7 to 12 percent this year, which would bring total expenditures to about 1 percent of EC gross domestic product. A Phillips & Drew study said spending in the continental markets could grow 12 percent a year for a while, significantly faster than in Britain or the United States.

While these may be new themes to some investors, executives in the advertising and public relations field have long anticipated the changes, as witnessed by the emergence of mega-advertising groups such as Saatchi & Saatchi, WCRS, and WPP. Indeed, the major groups are seen as best positioned to exploit the changes, given the wide range of services they offer and their already commanding position in the

Of the major groups, Saatchi & Saatchi ranks as the largest ad group in Europe and derives 20 percent of its profits from the European market. Followers of the group expect it to build on its dominant position and to continue expanding its consulting operations. WPP, which also derives about 20 percent of its profit from Europe, is committed to further acquisitions

WCRS has taken a different tack from the two other major groups by its willingness to set up joint ventures. It has a 50-percent stake in the French media buyer SGGMD and a 49-percent holding in Belier. Belier, in turn, is part of the Eurocom group, Prices in pence 1988 % change Price ·P/E June-28 from Jan-1 **High-Low** 301-242 Boaes Massimi 258 233-158 14.4 213 30.7 Lopex .. 12.8 389 19.0 409-328 **Lowe Howard** 15.8 11.0 510-415 483 Shandwick 483-268 18.1 321 16.3 180.138 - NA 182 Yellowhammer FT All Shares

one of the largest ad operations on the continent.

A handful of the second-tier agencies have built up substantial presences on the continent that enjoy good reputations. The best bets will be those firms that already have a loyal, diversified costomer base in the U.K., were able to get a foothold in Europe early, and also offer a range of what the industry calls "below the line" services, such as public relations and market research. Lorna Tilbian of Sheppards brokerage would recommend four — BMP Davidson Pearce, Lopex, Lowe Howard-Spinks & Bell, and Shandwick — as a "cocktail of midsized European

Some industry observers see special pitfalls for second-line firms if they try to expand into Europe too quickly. "If you link up ad hoc and don't understand the way Europeans do business, watch out," says Andrew Mills, an analyst at Barclays de Zoete Wedd. Adding to the risk is the meager financial depth of advertising firms, which often have little in the way of assets other than a talented staff and a list

Overall, opportunities for growth in corporate communication services, especially in the area of investor relations, may be greater than for conven-tional advertising services. Professionals view public relations in the financial fields as less sophisticated in Europe than in the United States or Japan. "There is an opportunity to develop an immature market," said Reg Valin, chairman of VPI Group, which is the holding company of eight subsidiaries that specialize in financial and corporate communications.

Here are brief looks at a few of the second-tier advertising and public relations groups:

BMP Davidson Pearce: The importance of moving into continental Europe was the principle reason for the recent merger of British advertising firms Boase Massimi Pollitt and Davidson Pearce. Martin Boase, chairman, says the "get together" will give the combined agency greater clout when it negotiates ad rates for clients and goes after talent in Europe. The new group will be among the top five U.K. ad agencies.

The aim was also to enlarge the range of sevices offered. About half of Davidson Pearce's profits and about one-third of BMP's profits are derived from non-advertising sources, such as public relations and marketing research.

VPI Group: In recent months, VPI has concentrated on strengthening itself in the United States, acquiring the Carter Organization, a U.S. public relations firm that specializes in, among other things, lobbying shareholders in Wall Street proxy fights. In Europe, Mr. Valin said, VPI will "upgrade" existing relationships with affiliates. VPI already handles Visa cards, the largest European-wide public rela-tions account held by a U.K. firm. Mr. Valin says Tokyo is the next area that will be emphasized in VPI's strategy, and he hopes to acquire a specialist public relations firm there

Lopex: This group, whose stock has been strong performer in recent weeks, targeted the European market early. With operations in 12 countries, nine of them European, it offers advertising, marketing and public relations services. "Lopex, for its size, is incredibly well-represented," noted Neil Blackley of stockbrokers James Capel & Co.

John Castle, Lopex's chairman, credits the compa-

ny's early emphasis on Continental expansion think we're in better shape than most for Europe, be says, adding that it will be difficult for competitors who have not yet developed a presence on the Continent. European agencies owned by Lopez retain their local identity, which helps them win business, partie ularly from govnernment-linked operations that might find it awkward to award contracts to foreign agencies, says Mr. Castle.

Shandwick: The largest independent U.K. public relations group, Shandwick recently made its firm foray on the Continent by acquiring Kommunitations, a West German public relations group based in Bonn. "We thought Germany was a good starting point from which we cound expand," explained Ian Verchere, Shandwick's investor relations mana But, he noted, "we're far from dependent on En

Since 1986, Shandwick has made 10 acquisitions This year's purchases have included a substantial Tokyo-based agency, Internations Public Relations Ltd., whose client list includes Fujitsu, Mitsubishi and Hitachi. Most recently, it acquired the New York firm Rubenstein, Wolfson & Co.

Lowe Howard-Spinks & Bell: This ad agency and public relations group, with 24 offices in eight European countries, appeared on some brokerages buy lists in the spring. Its share price is up about 20 percent since the first of the year. David Forster of Chase Manhattan Securities believes Lowe Howard presence in the United States along with its network in Europe gives the group good potential.

mmer. This agency takes its name from a small yellow-bellied bird seen in southern Engls Enthusiastic followers have pushed up the price of its shares, which are traded on the Unisted Securities Market, by about 30 percent since the first of the

Yellowhammer has a reputation of depending on internal growth and in-house development of taken for growth rather than acquisitions. Industry observed ers expect it will be a while before the agency will be ready to play a substantive role in Europe. Still, John. Burdett, Yellowhammer's corporate finance director. said the firm will not be left behind: "We are determined to be represented in the five key [European] markets prior to 1992." The agency has launched a financial communications division and recently announced plans to start an agency in France.

Though Burdett sees opportunities on the Continent, he is skeptical of he view that 1992 will sweep the European market into a new era overnight. "People who are seeing 1992 as anything more than a symbol are fooling themselves," he said. "It is only a symbol, a continuation of a process that has been evolving and will contine to take place."

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Continued From Page 7 more than four times faster than prices at the factory gate - again for the third year running.

"You can call that profit margin," said David Pike, chief economist in Tokyo for UBS-Phillips & cushion profit margins for the ex-Drew. "The yen appreciation simply hasn't created as many prob-lems as was thought."

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enjoyed in 1987, and productivity gains are forecast at 4 percent or so - still enviable, but down from almost 7 percent last year. But the recent depreciation of the yen, many economists say, will help

"The current direction of the yen will certainly give exporters a breather," said Ron Napier, vice president for Japanese research at

"They'll pick up on the currency whatever they lose in unit labor

Paradoxically, many of the companies regarded as exporters are doing well thanks to refocusing on a booming domestic market. Among automakers, for example, sales forces have mushroomed, distribution networks have been revamped and a cided - even created, perhaps -

for \$95

Salomon Brothers Asia Ltd. range of higher-end products have been introduced to cater to changing consumer tastes.

Car manufacturers are currently selling more units locally than they are exporting for the first time in a dozen years, although this is partly a reflection of increasing production in North America.

"The marketing effort has coin-

a very significant change among consumers," says a local bank economist. "The Japanese are much more willing to spend now than they were only a year or so

Structural advantages inherent in the Japanese economy have given the exporters the speed and agility needed to shift strategies rapidly. One of these is the easy availability of funds in the Japaese corporate sector, particularly through the issue of new stock on the booming local exchange.

In addition, exporters took sensible advantage of the years during which overseas sales benefited of an undervalued yen. Throughout the peak export years - the late 1970s and early 1980s - comparota, M and Hitachi used excess profits to pay off debts and build liquid as-As a consequence, the strongest

among the exporters also have some of the healthiest balance sheets in Tokyo. Toyota, Matsushita and Hitachi each have cash hoards of more than 1 trillion yen; with a recently announced convertible bond issue of 300 billion yen, Toyota will pass the 2 trillion yen mark. This has enabled exporters to

spend heavily and quickly on newproduct development, marketing and automated production facilities. Capital outlays among Japanese manufacturers are forecast to rise 35 percent this year, in export sectors such as electronic machinery, the figure is 47 percent.

Although prospects are promising for many traditional exporters, some analysts fight shy of stocks such as Hitachi and Fujitsu at this point, simply because they are at the higher range of their historic price patterns and the market shows no sign of re-rating them. Still, there are values.

Sony is one recommendation,

ly. Foreign ownership of the stock once as high as 40 percent, is now below 10 percent. "Whenever Sony did well it

would get hit with foreign selling" says Gideon Franklin, of URS-Phillips & Drew. "The current shareholder mix increases the upside potential substantially."

Mr. Henderson anticipates a 50 percent gain in Sony's net earnings in the year to next March, based chiefly on strong consumer-product sales and demand for industrial broadcasting equipment. With a prospective price-to-earnings mul-tiple of 25, the stock compars favorably with an overall market

For Toshiba Corp., earnings at expected to grow 60 percent this tive P/E of less than 30. Toshibais poised to cash in on rising demand for 1 megabit DRAM semison, ductor chips, of which it is the leading producer. The share prace; analysts believe, could go from just under 1,000 at present to 1,500 in the medium term.

Fanuc, the maker of industrial robots and numerically controlled machinery, is seen as a prime beaeficiary of Japan's capital-spending boom; earnings are expected to rise by 30 percent. Its prospec-tive P/E, at just under 80, is both above the market and historically high for the stock itself.

Other currently favored issues include Honda, Olympus and TDK, the tape maker.

Among the favored plays: Hitachi Maxell, a producer of video-tapes and floppy disks; Alps Elec-tric, which manufactures disk drives, coils and other components; Kyocera, the maker of ceramic packaging, and Sumitomo Special Metals, which recently ob tained a world patent on an innovative permanent magnet used in computers and medical equip-

"The point isn't to go m keen on exporters," said Chris B. Ruffle, an analyst at S.G. War-

The Value Line Investment Survey 711 Third Avenue, New York N.Y 10017 chiefly because its purchase last Payment in local currencies (British £60, French Ir\$75, Swiss (r145, DM 175) year of CBS Records Inc. has and requests for information should be directed to ; Value Line, Alt: Alexandre de Saint-Phalle, 2 Ave. de Villars, 75007 Paris. (Tel. 45 51:63 59) Distributed by KLM Royal Datch Airlines Publication Distribution Service pushed it toward true multinational status and because Sony/CBS burg Securities (Japan) Inc. "it's to find the right niches." may eventually be listed separate-Increase your yield through Private Banking

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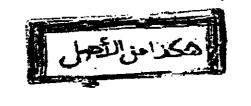
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HARD ASSETS

Increase **Is Spurre**

By D. Jacqueline

Tenimes a year, the Central Se the farmond distribution netwo South Africa's De Beers Consolici about 150 dealers from around th To what is known as "sights"

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And use they did in May, con more than three years. Because of mann on the bot paid in the which controls about 75 to 85 perproduction of rough diamonds, ra-

Some dealers expect further in lough Schlossel, head of the I Bulletin, notes that "premiums o percent have been paid, on top of some the May boxes of rough d Rapaport, a broker and editor of t nond Report, expects prices to in percent this year, with strong de

But for the time being the Centration is giving no him of anoth holder Lamont, a spokesmar for an supply and demand are in ba mitase can be traced to events for be's global stock market crash. A Central Selling Organization move to the industry of what it fearer sater. The organization held back d what they normally would have November and December sights.

So far, the crash appears to have been there is evidence that the demand somewhat as investors; should be should acknowledges Francisco actioneer at Christie's

But the massive stone was sold loaden for \$6.4 million. It was a 1 action market for diamonds was their The health of the market can be use last six months. In December the last six months in December that in the industry was \$13.00

mak in the industry, was \$13,000 to lead to the industry, was \$13,000 follows \$14,500 Falling from a model in a low of about \$12,600 to lead to the became amparate in 108 its that became apparent in 1983 in the stones, but since July of last you will be affected, said Claude Saujer, a fact of the Fifth Avenue jeweler from Japan and Southeast Asia. sa Japan is the critical component

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TON SECTION

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An expense

The Partnership Industry Changes Its Tactics

THAS hardly been the best of times for limited partnerships in the United States. Tax reform legislation of 1986 removed their sheltered status. The stock market crash led to widespread investor hesitancy. And the sluggish performance of real estate and oil market - traditional areas for partnership investment - has heightened the prevailing uncertainty.

PARTNERSHIPS

To overcome these drawbacks, the partnership industry has moved aggressively, changing its marketing tactics and even its products,

The industry was hit hard after the market collapse of Oct. 19. Sales of limited partnerships in the first six months of the year amounted to \$3.6 billion, a 14 percent decline compared with the same period last year. Investors have been especially besitant about real estate deals, formerly the most popular vehicle. Sales in the real estate sector fell 48 percent to \$1.9 biltion, while oil and gas partnership sales tum-bled 37 percent to \$250 million.

In response, parmership sponsors have been forced to restructure new offerings to appeal to a wider andience. "In the last four or five months we've seen a lot of sponsors offering guaranteed returns," says Christopher Davis, president of the Investor Partnership Association, an industry trade group.

For example, Public Storage Partners Preferred Yield II and III, which hope to raise \$50 million to invest in mini-warehouses, guarantees investors at least an 8 percent annual yield for three years. And if income from the warehouses falls short, the deficit will be made up from a private fund the general partner has set aside.

Moreover, prospectuses are increasingly promising quarterly or yearly appraisals of assets and the opportunity to reinvest dividends if investors like the way a deal is going.

In recent months, there has been renewed emphasis on partnerships capable of producing mediate returns such as equipment leasing. Volatile commodity funds are also being marketed with new vigor now that prices have soared because of the prolonged drought in the Midwest. And motion picture partnerships are getting more attention

Another by-product of the current marketing effort is a steady drop in fees. This is the first year, according to the research firm of Rob-

ert Stanger & Co., that the majority of offerings promise investors more than 70 percent of the profits after all fees and costs have been taken out. Fees, which stood at about 30 percent of a deal's value in 1986 now come to only about 15 percent of total value and most industry experts expect a further drop.

Such innovations may comfort investors. but William Brennan, publisher of Brennan Reports, a tax and investment newsletter, warns that "everything has a price." He estimates that the cost of a guaranteed return could knock a couple of percentage points of appreciation off

Indeed, overall returns remain difficult to calculate. Silver Screen partnerships have a long record of hits, but returns from film partnerships have been middling because of fees and claims by other partners.

For example, Silver Screen III is expected by analysts to return about 15 percent. By con-trast, a straight investment in Walt Disney stock, the producer of Silver Screen movies, would have returned 54 percent since Silver

ELLING UNITS in limited partner-

ships before their maturity has never

troublesome in recent months as inves-

been easy, but it has been especially

tors feel the full impact of tax reform and ex-

When selling a partnership on the second-

fer a discount that ranges between 30 percent

and 40 percent below net asset value. "That's

largely the result of a very thin market," says

Despite the discount, investors still may

find it difficult to find a buyer. Repackagers -

firms that buy and wrap up several existing partnerships for resale — like Liquidity Fund in Emoryville, California and Mackenzie Secu-

rities in San Francisco will only purchase mature

portfolios that are three or four years old and

whose assets are easily appraised. It is unlikely they would buy a troubled investment.

Likewise, the National Partnership Ex-

change, the only auction service in the United

California money management firm.

Karen Knudson, a limited partnership specialist at Balaird, Biehl and Kaiser, a San Mateo,

ary market, an investor generally is forced to of-

asperation grows with poorly performing mar-



scene from Silver Screen III's 'Roger

States, which is based in Tampa, Florida, is also selective. The service limits itself to an ap-

proved list of about 800 current partnerships.

Although this accounts for roughly 80 percent of all partnership dollars in the public's hands,

it does not include deals in more speculative ar-

eas such as venture capital and research and

Private partnerships, which now account for

only a small segment of the limited partnership market, also are not included on the list. Sim-

ilarly, very few private deals are bought by the

proaching their broker or the general partner in

But experts advise investors to shop around for the best offer available. "If you do de-

cide to sell, try everybody - the repackagers,

Knudson. The different offers you get can

your broker and the auction service," says Ms.

hopes that they know someone who would be

Ultimately, some investors end up ap-

repackagers.

willing to buy the units.

vary by as much as 10 percent."

Secondary Market Is Struggling

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Tax Law Put MLPs in Limbo

ILLIAM Turchyn, a senior vice president at Shearson, Lehman, Hution, believes the possible future of one master limited partnership, the Boston Celtics, speaks eloquently about the fate of such investments that trade like common stocks. Even if the Celtics win the National Basket-

hall Association Championship next year, their master immited partnership units will remain in limbo." They were put there in part, he says, by the Revenue Act of 1987.

Fearing that companies would avoid tax reform's higher corporate rates by converting to master limited partnerships, Congress decided last December to classify returns from existing partnerships as portfolio income.

Now, institutional investors must pay a special tax if they hold MLPs and all businesses other than real estate and oil and gas partnerships are prohibited from entering the MLP market Additionally, MLPs in prohibited areas that predate the revenue act will lose their tax advantaged status

How MLPs Have Fared Percent total return to May 11, 1988 Year to Date AS MLPs -7.A +13,4 Oil-Gas MLPs -14.7 +17.4 Real Estate MLPs -1,4 +15.9 **SAP 500** -5.7 -10.8 +0.3 -1.7. +1.8 +8.5

Source: The Stanger Register

All this should have dampened investor interest, yet MLPs actually racked up a 12.3 percent gain in the first six months of the year, more than double the return on the Standard & Poor's 500 index. "People had been expecting the worst prior to the December bill and that had already depressed prices, pushing yields high," explains Fuhrman Nettles a vice president at Robert Stanger & Co., a New Jersey investment re-

Most MLPs still trade below par, but experts do not believe that the rally will continue.

HARD ASSETS

Increase in Diamond Sales Is Spurred by Buying in Asia

By D. Jacqueline Smith

Ten times a year, the Central Selling Organization, the diamond distribution network controlled by South Africa's De Beers Consolidated Mines, invites :about 150 dealers from around the world to London for what is known as "sights." It is here that dealers inspect and purchase boxes

of rough diamonds that are sometimes in turn sold to other dealers. If the resales result in hefty profits for the dealers who attended the "sights," that is a signal that demand is sufficiently ahead of supply for De Beers to raise prices. And rise they did in May, continuing a trend of

more than three years. Because of the so-called "preminm on the box" paid in the resales, De Beers, which controls about 75 to 85 percent of the world's production of rough diamonds, raised prices by 13.5 Some dealers expect further increases this year.
Joseph Schlussel, head of the Diamond Registry

Bulletin, notes that "premiums of 7 percent to 12 percent have been paid, on top of the May rise, for some the May boxes of rough diamonds." Martin Rapaport, a broker and editor of the Rapaport Diamond Report, expects prices to increase another 15 percent this year, with strong demand for smaller

But for the time being, the Central Selling Organization is giving no hint of another price increase. Andrew Lamont, a spokesman for the organization, says supply and demand are in balance.

Part of the tightness in supply that led to the May increase can be traced to events following last October's global stock market crash. After the crash, the Central Selling Organization moved quickly to pronect the industry of what it feared would be a soft market. The organization held back about 50 percent of what they normally would have released at the November and December "sights," says Mr. Rapa-

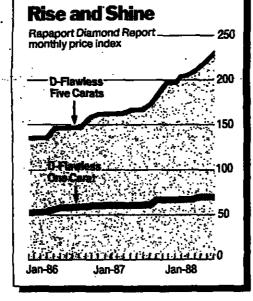
New York Care So far, the crash appears to have had little effect. Indeed, there is evidence that the crisis stimulated demand somewhat as investors sought out assets other than stocks and bonds. Also boosting prices is strong demand from the Far East.

Two days after Black Monday, Christie's auctioned a pear-shaped diamond of 64.83-carat. "It was the largest diamond to go up for sale, and the timing looked awful," acknowledges François Curiel, an auctioneer at Christie's.

But the massive stone was sold to a buyer from London for \$6.4 million. It was a good sign that the auction market for diamonds was strong, says Mr.

The health of the market can be seen in price rises in the last six months. In December, the price of a one-carat D-flawless diamond, the quality benchmark in the industry, was \$13,000. The same stone now fetches \$14,500. Falling from an average price of \$63,000 a carat in 1980, this investment-grade diamond hit a low of about \$12,600 in 1985. The price rises that became apparent in 1985 started with the large stones, but since July of last year all stones have been affected, said Claude Saujet, president of Harry Winston, the Fifth Avenue jeweler.

Much of the demand driving up prices is coming from Japan and Southeast Asia, says Mr. Rapaport. "Japan is the critical component pushing diamond



prices up," he says. "Right now, the market is also very dependent on countries such as Taiwan, Korea, Hong Kong, Thailand," where there is a growing class of wealthy consumers.

Thanks to strength of the yen, Japanese purchasers still regard diamonds as attractively priced. The price of a diamond in yen has not changed for the Japanese in the last three years, notes Mr. Saujet. In dollar terms, diamond prices have doubled in the same

Measured in dollars, Japan's diamond imports swelled more than 60 percent in 1987, or about 35 percent in yen terms. That amounted to 2.4 million carats of polished diamonds, about 50 percent more than the number of carats in 1986, and marked the seventh straight year of growth in Japanese diamond

The Japanese market is bringing a new class of buyers, says Mr. Rapaport. It has become fashionable for young, single women to buy themselves cocktail rings with diamonds, Mr. Rapaport notes. This type of Japanese customer is a first-time buyer, he notes, so the initial purchase tends to be one of the smaller stones. The smaller stones are the bread and butter" of the American market, Mr. Rapaport says, so higher prices can soon be expected in U.S. stores.

"The backbone of the diamond industry is the consumer who buys a half-carat engagement ring," says Mr. Schlussel of the Diamond Registry. Seventy-five percent of brides in the United States receive a diamond engagement ring, and it's usually half a carat, he added. In the first four months of this year, \$800 million worth of diamonds of under half a carat were imported into the United States, compared with \$380 million worth of diamonds of over half a carat.

Buying a diamond for purely investment reasons is rare, say those in the trade, and few buyers outside of professionals have the skills to find or recognize a

Says Mr. Schlussel: "Nobody buys a diamond for profit, but if you can afford to wait five to ten years, then you might see a gain."

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David C. Lancher

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ļ	£50,000	9.00%	9.20%

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COLLECTING



This forged watercolor, in the manner of two painters known to folk art specialists, is a composite drawn from published examples.

Folk Art Draws **Counterfeiters**

Continued From Page 7 with the name of a painter who only did flowers. Or the painter's mark on the back of the dish will have a date that turns out to be a

point in time when the artist wasn't at the factory." he explains. In other areas, such as furniture, collectors need to be aware of the fine line between a restored piece and a complete fake. Victor Wiener, executive director at the Appraisers Association of America, warns that furniture is often restored a number of times, and wood from other objects is fre-

quently used as replacement. Mr. Wiener also notes that Art Deco chandeliers, which are very popular among collectors at the moment, can be made up of bits and pieces from other chandeliers or lamps of the same period. The reconstructed ornament will only be worth the value of the materials, while an original, with all its crystals intact, can be worth as much as \$30,000, he says.

Of course, most collectors do not possess the level of expertise or the technical wherewithal to discern whether a certain paint pigment or metal alloy existed at the time a given object was sup-

perts suggest dealing with reputa-ble sources who are likely to be around in a few years if some question about authenticity should arise.

Christie's and Sotheby's will take back any item within five years if it can be proven to be a fake. Similarly, Christopher Clarke, president of the British Antique Dealers Association, says that every item sold by a dealer who is a BADA member is guaranteed. A dissatisfied customer can appeal to the association if there is a question of forgery.

Collectors are also advised to get a fully detailed receipt, describing the item purchased, its condition and the attribution claimed by the vendor. If buying at an auction, individuals must beware of the protective wording often used in auction house catalogs. Phrases like "believed to be the work of" or "in the style of" are frequently used to describe items that auctioneers may be unsure about.

Moreover, specialists recommend hiring an outside appraiser to look over any item that involves

STRATEGY

Contrarian Views on Rail Issues

FTER enjoying a superior performance over the last year or so, Wall Street's enthusiasm for railway stocks has waned, with most now performing in line with the Standard & Poor's 500 index. But the prevailing mood has not prevented analysts from identifying some railroads that are worth a second look.

Because of their cyclical nature transportation stocks are clearly suffering from worries that the economy is slowing. The uncertainty about interest rates has only reinforced the bearish viewpoint. Graeme Lidgerwood, an analyst with First Boston in New York. talks of "a muddled investment environment for the rails."

But such economic fundamen tals only tell part of the story. Gary Yablon, who tracks railroad stocks for Oppenheimer & Co., points out that U.S. railroads are not always what they seem. Historically, he says western railways such as Santa Fe Southern Pacific and Union Pacific, have been highly diversified conglomerates. Those east of the Mississippi are less diversified and more depen-

dent on the cyclical fundamentals.

For example, Union Pacific has interests in trucking and oil and gas production. And in 1986 the company purchased USPCI, a growth company that disposes of

Mr. Yablon argues that the market has not fully valued such non-railway assets. But this may change soon thanks to Burlington Northern's recently announced plans to restructure and spin off underlying assets into Burlington Resources. As a result, he believes the company's energy, real estate, and forest product assets will be revalued. He estimates that the asset transfer value of Burlington Resources is about 30 percen above the offering price of between \$25 and \$28 a share.

Moreover, he believes Santa Fe Southern Pacific, which is also restructuring, and Union Pacific are watching Burlington's moves and may take steps of their own to enhance shareholder value. He believes that Santa Fe may sell or spin off its railway by mid-1989. It is currently trading at about a 38 percent discount to Oppenheimer's estimate of its asset transfer

Still, if investors are looking for more traditional fundamentals before committing themselves to a railroad, analysts suggest looking at CSX. It too is involved in oil

Stocks

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- 5%

-10%

-15%

-20%

<u>-25%</u>

FOCUS

Continued From Page 7

Paterson, an emerging markets specialist with UBS-Philips &

Drew in London. He feels this

development could lead to the

Total Return for 12 Months

Total return for 12 months

ended May in local currency

Price . June 30 Change New York Stock Exchange: Compiled by Media General Financial Se 18.38 11.50 15.00 16.50 29.13 10.00 NUI Corp. Keystone Consol PHL Corp. Inc. -21 -18 -17 -16 -16 -15 -14 -14 Fort Howard KDI Corp. Saul Real Estate Inv. 16.88 24.00 Teleconnect Co. Ocean Drilling Dresser Industries +50 +46 +43 +42 +40 +39 +38 +38 20.50 42.50 55.50 13.75 10.88 11.88 Veeco instruments inc. intermedics inc. Cycare Systems 10.00 McIntyre Mines Ltd. Middle South Util. Cooper Cos. SmithKline Beckman 44.63 18.88 10.13 Blue Arrow Armada American Hoist American Stock Exchange: 10.50 23.00 11.63 16.25 18.00 -23 -19 -16 -13 -12 Vanguard Techs Inti T 2 Medical inc. +49 +45 +44 +42 13.25 15.00 14.00 Eldorado Bancorp Iroquois Brands Guardian Bancort Material Sciences Larizza Industries ENSR Corp. Over the Counter: 10.50 26.25 15.75 10.00 -32 -28 -25 -20 -18 Convenient Food Mart Fuller H. B. Co. Metropolitan Fed. S&L. +85 +84 +71 17.13 16.13 Simmons Airways Inc. Command Airways Detomaso Inds. 25.75 22.25 Telos Corp. Micropolis Corp. +66 +65 18.00 Gartner Group Inc. London Stock Exchange: Slough Estates Argyll Group MEPC 295 186 538 251 410 253 232 400 421 255 Enterprise Oil International Thompson Legal & General Dawson International +22 +22 235 341 184 233 262 144 327 NEXT +18 +18 McAlpine (Alfred) Coalite Group Rothschild (J) Holdings Morgan Crucible Magnet Cadbury Schweppes Allied-Lyons Oxford Instruments Smiths Industries Davy Corp. Abbey Life Tokyo Stock Exchange: Compiled by Morgan Stanley Capital I Tokyo Rope Mig. 2,380 964 1,120 4,400 3,050 1,850 1,700 1,390 813 1,800 -29 -28 -16 -15 -13 -13 -12 -10 Kawasaki Stee +63 +51 +45 +45 +44 +37 Kobe Steel Kawasaki Heavy Noritake intec Nippon Kokan Sumito Metal Ind Nippon Hodo Daiwa House Hitachi Zosen Nippon Steel 3,060 512 899 Tokyu Corp. Brothers Industry Hokuriku Electric Powr +36 +36 +35 -10 -10 Mitsui Shipbuilding Fuji Heavy Industries

June Market Scoreboard

and gas production. The company also owns Sea-land, a worldwide container shipping business that has enhanced its trucking and barge acquisitions.

However, CSX is most talked about these days because it has taken the lead when it comes to dealing with labor costs and productivity in the industry. The company took the unusual step of attempting to negotiate, independently of the other railroads, a new contract with labor unions. When the negotiations broke down, CSX took the matter

Total return measures both the changes in the prices of securities and the income they provide either in dividends or interest. Gains or losses were measured by comparing market indexes wit their levels a year earlier. The chart does not take into account taxes or inflation.

directly to the rank and file and won the right to buy out 8,200 railway workers over the next three years.

Analysts agree that the break-through will enhance the value of its stock, though not likely add to 1988 earnings. In fact, Mr. Yablon of Oppenheimer believes that 1988 earnings will be a little dissappointing because operating expenses are higher than expected. However, he expects the labor accord to have a positive impact on 1989 carnings

Although she has been reluctant

Bonds

Total return for 12 months

Source InterSec Research Corp., Stamford, Connecticut. Bond indexes are proprietary. Equity indexes are from Capital Inter-

to recommend specific stocks, First Boston's Ms. Lidgerwood has upgraded CSX to a "buy" based on the company's union negotiations.

Steven Klien, an analyst with Standard & Poor's and a self-professed contrarian, likes Conrail, CSX and Norfolk Southern "because they are not doing too well." Also, he argues that they are conservative and have very little debt. In a downturn, he believes they will outperform other stocks in the

D. Jacqueline Smith

BEAWN

 Play Lotto 6/49—Canada's Favorite Government Lottery • Pick your own "Lucky Numbers" when you play • Record prize of \$13,890,588.80—all CASH—TAX FREE!*

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Lillian and Stewart Kelly -\$13,890,588.80 Mohamed and Nurahi Samji -\$11,066,864,20 Ron and Val Taylor -\$10,372,326,70 -\$10.191.804.60 Jean Viau Carrie and Derek Stockley -\$ 7,789,787.60 -5 7.059.893.70 Doug and Loraine Clark

And that's just for first prize...there are many \$Millions more paid out in subsidiary prizes. With five prize categories in all and thousands of prizes won in every draw, it's as if you can't miss!

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Lotto 6/49 is an official lottery operated by the ten Provincial Governments of Canada. It's called Lotto 6/49 because six winning numbers from a total of forty-nine are selected each draw. If the six numbers chosen match the six numbers you are playing, you win the jackpot. In addition to the six regular winning numbers chosen, there's one additional number drawn called

the "bonus number". If you have any five of the six regular winning numbers correct plus the bonus number, you win second prize. Any five, four, or three of the regular winning numbers correct wins you third, fourth, or fifth prize respectively.

There's a new draw twice each week ton Wednesday and Saturday), every week of the year. The jackpot is *guaranteed to be not less than \$1* Million dollars in each draw. And if the jackpot is not won in the current draw, that orize money is carried over and added to the jackpot for the next draw, growing until it's won!

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When Lillian and Stewart Kelly, pictured above, won Canada's record Lotto jackpot of \$13,890,588.80 there were over 1 million winners in total, with over \$37,000,000.00 In prize money awarded. The prize break down shown here indicates the actual winnings for that draw.

1	PRIZE	PRIZE BREAKDOWN		
	PRIZES	NO. OF PRIZES	E VALL	

\$13,890,588,80 SOUT OF SIRES, NUM 2ND PRIZE \$443,481,60 SOUT OF 6 PLUS BO SRD PRIZE SOUT OF 6 4TH PRIZE 4OUT OF 8 \$3,704,70 \$139.30 965,112 \$10,00 TOTAL PRIZE VALUE \$37,443,228,10

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ment of your winnings. All prize money will be converted to any currency you wish and confidentially forwarded to you anywhere in the

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period, while the Korea Fund's price rose 7 percent. Over the long haul, investors should be aware of factors that often keep the New York and London funds from matching the market's performance. For exam-**DIAMONDS**

market rising from its current 700 level to over 1,000 by 1989.

30, the Korea Europe Fund's net

asset value rose about 47 percent,

while the Korea Fund's net asset

value climbed 30 percent. The

share of the Korea Europe Fund is

up 18 percent in the 12-month

Over the 12 months ended June

The Stiff Premium on Korea Funds

YOUR BEST BUY Single diamonds at wholesale prices by ordering direct from Antwerp, the world's most important cut-diamond market. Give dianonds to the ones you love, buy for investment, for your enjoymen Il rite airmail for free price list or call us:

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ple, neither fund can invest more than 25 percent of its assets in any one industrial sector. Since about 40 percent of the composite index is financial stocks, they will underperform the overall market significantly when attention focuses on banks and securities firms.

The U.S.-listed Korea Fund is furthered hobbled by a federal law that rules out investing in any company that derives more than 15 percent of its revenue from securities-related business. This effectively rules out a big holding in the brokerages, which could stand to profit handsomely if the market were opened even modestly to foreigners. The fund, which is managed by Scudder, Stevens & Clark, has applied for an exemption to the law.

Also off-limits are new issues. "We are not allowed to invest in newly listed shares, which have had a significant impact on the index," notes Peter Irving, senior fund manager of the Korea-Europe Fund. That precluded the fund from participating in the re-cent \$3.5 billion privalization of Pohang Iron and Steel Co. Other flotations being considered by the government include the Korea Telegraph and Telephone monop-

oly.

A group of seven other funds
managed principally by Korean investment firms are not encumbered by these restrictions. These funds, traded largely over the counter, are far less known than the two large closed-end funds listed. Unfortunately, they are also far less liquid, which for all

practical purposes restricts their purchase to only large institutions. They are virtually impossible to get ahold of," agrees Steve Chung. senior analyst with House Govett

The returns on the Koreanmanaged funds have in some cases eclipsed those on the foreign-managed funds. Mr. Khan of Citicorp Scrimgeonr Vickers says that from the end of April 1985 to the end of May 1988, the net asset value of Korea International Trust, managed by Korea Investment Trust Co., was up 324.6 percent in dollar terms, while the Korea Fund's net asset value was up 272.2 percent.

One issue overhanging all the funds is when the government will open the market to foreigners, and what effect this could have on the funds' share prices. Speculation on the timing of market opening ranges from within six months to two years or more. Few observers expect the market to be opened fully.
The concern is that even a limit-

ed opening of the market could erode the premium on Korean investment vehicles. That is one reason that investors are watching closely for any signs that the goverument will act.
"The pace of change in the East

is very variable," says Richard Thornton, chairman of Thornton & Co., which specializes in Far Eastern investment. The Olympic Games "could be a time when all the pressure to open the market

Bruce Hager

SIGNATURE

ing s report from which is the will be a critical in A good number. \$10 bill A good in March and Apparent in the value of the doll in the walle of the for the stability of exchi based economist for to hope it will be a had to Of a problem.
Three good figures in a 1
mid be read in the market a and that the dollar ha d inprovement in the waiting to ge d into the dollar are no to wait until the defici Mr. Koo said will move back into the when it still looks chear making it difficult for cent h his view, short-term spe ply higher by repurchasi and have now reversed posit leady recorded and have as But longer-term investors wagon and are increase ising an opportunity. Even if only a minority wed, said Mr. Koo. "II co the exchange rate. Communical approcriation of t. blens. It would further exp

FROM 1875...

OPDAY. JULY 11.

Good News

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By CA

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NCE 1985, when the Gr value had risen too high a have had economic funda de and current-account defi Adar lower was largely a one-On a two-way street, with ce timent, officials risk find eatly inferior to what the ma Falure to contain the doll somences. For one thing. enoving at current exchange chively undervalued doilar fo wheed to a level deemed sust

Lim a year. No to be overlocked is the asures trade in goods plus this is the deficit that actually b The communed need to se!! U.S ance that deficie means are eve ervice the debt. As a result despute the recent

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Thus, Mr. Koo said, the best p or a zag-zag, two months of favo ath of disappointing news. That would sustain a sense nge market, helping to m at would discourage a 310bal Faling that, concerned interve has wondered to what exter See EUROBO

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High-Alcohol Beer Imports Buck Trend to Moderation



Good News For the Dollar Would Be Bad for Market

By CARL GEWIRTZ

tional Herald Tribune

ARIS — It takes little imagination to hear the global fingernail biting that will take place this week as foreignexchange traders and speculators wait for Friday morning's report from Washington on the size of May's trade

deficit. It will be a critical number.

A "good" number, \$10 billion or less, will confirm the declines registered in March and April and set the stage for a powerful surge in the value of the dollar.

"For the stability of exchange rates," said Richard C. Koo, a Tokyo-based economist for Nomura Research Institute, "you have to hope it will be a bad number. If it's good, it will create one hell of a problem.

Investors waiting

to get back into the

dollar are not going

to wait until the

deficit is at zero.'

Three good figures in a row, he and other analysts agreed, would be read in the market as proof that the dollar has reached a level permitting a sustained inprovement in the trade deficit

"Investors waiting to get back into the dollar are not going to wait until the delicit is at zero," Mr. Koo said. They will move back into the

dollar when it still looks cheap - making it difficult for central banks to contain the rise."

In his view, short-term speculators who had driven the dollar sharply higher by repurchasing dollars that had been sold for-ward have now reversed positions, to lock in the exchange gains already recorded, and have again begun selling dollars forward. But longer-term investors in Japan never really joined that bandwagon and are increasingly nervous that they may be missing an opportunity.

Even if only a minority of these longer-term hedges are removed, said Mr. Koo, "it could have quite a substantial impact on the exchange rate."

Continued appreciation of the dollar would create a number of problems. It would further expose the disunity within the Group of Seven; the Bundesbank is already, without much apparent success, trying to restrain the depreciation of the Deutsche mark, and at some point the Bank of Japan, which shares the same concerns about importing higher inflation, will be drawn into open opposition.

Even assuming the Federal Reserve Board engages in serious concerted intervention to halt the dollar's rise, the central banks risk finding themselves fighting a market that believes it has economic fundamentals on its side.

Since 1985, when the Group of Seven decided the dollar's value had risen too high and had to be cut, the central banks have had economic fundamentals—the ever-widening U.S. trade and current-account deficits—on their side. Driving the dollar lower was largely a one-way, albeit at times rocky, street. On a two-way street, with central banks trying to buck market sentiment, officials risk finding the means at their disposal

greatly inferior to what the market can muster. Failure to contain the dollar's rise would have unpleasant consequences. For one thing, while the trade deficit may be improving at current exchange rates, the United States will need a relatively undervalued dollar for some years before the deficit is reduced to a level deemed sustainable: significantly below \$100

Not to be overlooked is the current-account deficit, which measures trade in goods plus services and investment income. This is the deficit that actually has to be financed internationally. The continued need to sell U.S. debt securities to foreigners to nance that deficit means an ever-increasing outflow of dollars to service the debt.

As a result, despite the recent improvement in the trade deficit.

the current account deficit has continued to widen.

Even when the dollar was at 126 yen and 1.69 DM—the rates currently are 133 yen and 1.84 DM—the Organization for Economic Cooperation and Development and the International Monetary Fund were warning that there was still no sign that the huge external U.S. deficit or the huge West German and Japanese surpluses would be reduced to levels considered sustainable.

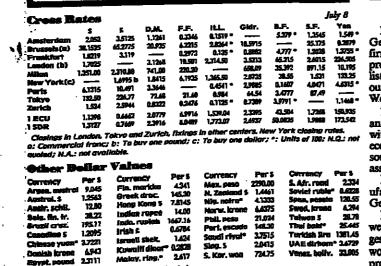
The rise of the dollar would exacerbate this unsustainable imbalance. Equally, the rise would undermine the investments now being made by U.S. industry to expand capacity to meet export orders, as the higher dollar would render these exports less

Thus, Mr. Koo said, the best possible news on Friday would be for a zig-zag, two months of favorable trade data followed by one month of disappointing news.

That would sustain a sense of uncertainty in the foreignexchange market, helping to maintain a sense of two-way risk that would discourage a global shift back into the dollar.

Failing that, concerted intervention is the next best hope. But analysts wondered to what extent the Fed is prepared to lend its See EUROBONDS, Page 13

Currency Rates



Israell shek. 1.624 Kowalii diaar* 0.2629 Malay, ring.* 2.617 New York rates unless marked * (tocal rate.) Forward Rates 39-day 49-day 79-day 1,2109 1,2124 1,2140 1,5170 1,5115 1,5065

Sources: Indoovez Bank (Brussels); Banca Commerciale Italiana (Milan); Banqur Notionale de Paris (Paris); Bank of Tokyo (Takyo); IMF (SDR); BAII (dinor, riyol, dirham); Gosbank (nible). Other data from Reuters and AP,

Last Week's Markets

All figures are as of close of trading friday Money Bates Stock Indexes July 1 Chies United States United States July 8 Discount rate Federal funds rate 2.131.58 -1.19% 2,706.15 178.52 DJ Indus. DJ Util. 899,34 -- 1.34% 299.93 — 0.82 % 291.78 — 0.64 % 313.75 — 0.47 % 153.48 — 0.57 % DJ Trons. Joseph S& P 500 Call money NYSE CP West Germany 1,858,20 + 1.02 % 1,485,10 + 1.46 % 1*,877:2*0 1*,5*06*.*80 FTSE 100 Nikkel 225 27,917,98 27,503,53 + 1,50 % Commerzbk 1,507.30 1,459.60 + 3.27 % Bank base rate West Germany Hong Seng 275290 248464 + 254 %

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World Index From Margon Stonley Copilal Int'L

July 8 July 1 China

Rule Due On Bank Capital

Basel Talks Could End This Week

ZURICH - Central bankers from the leading industrialized nations are to meet on Monday and hope to conclude an accord fixing the minimum amount of capital that a major bank must hold.

Several bankers have predicted that the accord could be wrapped up this week, although banking sources said that more fine-tuning might be needed, particularly to accommodate the West Germans.

The bankers, meeting at the Bank for International Settlements in Basel, will address proposals by a committee of the Group of 10 industrial nations chaired by a Bank of England associate director,

The committee's final report proposes that by 1992 banks be required to hold capital broadly equal to 8 percent of all risk-carryng assets. Different risks carry different weightings. The proposals would force many

countries to tighten standards. Sources said that West Germany still considered the definition of capital too liberal.

Half of the minimum required capital must be made up of core capital — that is, equity and dis-closed reserves — and the other half of supplementary capital, a regulatory official familiar with the proposed guidelines said.

Supplementary capital includes hidden reserves, long-term debt and loan-loss reserves.

The proposals include a plan to consider mortgage loans other than for owner-occupied properties as 100 percent risks. This clause is favored by the U.S.

Federal Reserve Board but opposed by central banks of some other naions, including West Germany, the Netherlands and Switzerland.

rates would make dollar assets Elsewhere around the globe, a moves were mixed. Some felt the more rewarding, more hot money strong dollar is regarded as good U.S. central bank underestimated

European currencies.

lar's rally might have peaked last week Then Friday, the United States announced that its unem-

U.S. bond prices have fallen on infla-Currency markets are awaiting tion fears. Page 13

take a mixed view of the latest 1.83 marks Friday, and then again developments on the dollar and the after it rose to 1.8435. But they said U.S. economy. Prices fell on Wall the U.S. central bank's dollar sales ployment fell in June to a 14-year Street on Friday against a back- appeared modest. drop of inflation and interest rate The Fed sold dollars in \$10 mil-

FRANKFURT - One of West material, natural gas. A BASF spokesman said it had Germany's leading electronics firms said it plans to shift some made multimillion dollar losses in shifting some production, especialfertilizers and planned to close a ly relatively simply assembly proproduction abroad, joining a long list of companies that have moved plant employing 730 people by the cesses, to countries such as Ireland, end of 1990, after shutting another out because of high wage costs in Western Europe's largest economy. this March.

In the case of Bosch, the advan-Robert Bosch GmbH's plans, announced last week, are in line tages of highly-mechanized West
German production were often not kets, to avoid currency fluctuations with a trend that will continue, enough, management board chair-man Marcus Bierich told a news economists said. For similar reasons, many U.S. firms have moved conference. assembly lines to Mexico. Especially with simple products. No one was predicting that man-

No one was premering that man-ufacturing would vanish from West cost-effective production could only be achieved "by shifting But in another development last abroad within an international proweek, BASF AG, the nation's big-duction network," he said

gest chemical company, said it Of Bosch's 1987 sales of 25.4 would consider shifting fertilizer billion Deutsche marks (\$13.9 bil-production abroad if the govern-lion), more than half went in car ment goes ahead and imposes a components. It also sells telecom-

Fokker Negotiating Jet Sale

the Dutch aircraft maker, is negoti- offering a month earlier. ating the sale of up to 24 Fokker- Northrop would not say what it officials said Sunday.

outcome to the talks involving up about \$6.5 million. to 16 firm orders for the short-haul, twin-jet airliner, with the possibili-

ty of another eight options. Braniff Inc., the U.S. airline. That order was seen as a breakthrough because the company did not sell any of the 107-scat, short haul jets

Angeles-based aerospace company, that it had sold a five percent stake in Fokker for an undisclosed sum. Fokker halved its 10 percent stake in Fok- its planes.

ker in June, after declining to par-AMSTERDAM - Fokker NV, ticipate in a Fokker share-rights

100 jetliners to Wardair Interna- had received for the shares. Fokker tional Ltd. of Canada, Fokker closed Friday at 121/2 on the Amsterdam exchange. At that price, a They said they expected an early five percent stake would be worth

Waskul, said the company had sold the shares because it wanted to foorder of 12 Fokker-100s from reflected in Northrop's secondquarter earnings.

In 1987, Fokker had loss of 107 million guilders (about \$52 million The prospect of the Wardair or- at current rates), but in May the der followed an announcement last company's chairman, Frans Swartweek by Northrop Corp., the Los touw, said it was "highly probable Fokker would see a positive figure

Fokker also in May that it Northrop said Friday that it had planned to increase production of

Japanese Dry Whets U.S. Appetites

Netherlands 27.4%

By Andrew Feinberg

New York Times Service NEW YORK - Given the current social climate, if American marketers proposed increasing the alcohol content of a beer to spur sales, people would probably wonder what they had been drink-

ing - and how much After all, the trend has been toward moderation. Light beer now accounts for 25 percent of U.S. sales, and this year even Jack Daniel's, that supposed bastion of tradition, has lowered the proof

of its Tennessee whiskey. Yet since last month, higher-alcohol beer has been appearing on store shelves and on restaurant tables in New York, New Jersey, California and Hawaii. And next month, the beer will become available in eight more states and in Washington. All of the beer is from Japan. While the arrival of still another Japanese import is hardly major news, this one brings with it one of the most

astonishing marketing stories of recent years.

Three years ago, Asahi Breweries Ltd. of Tokyo finally got tired of seeing its market share plummet year after year. The company decided to ask 5,000 Japanese consumers to describe the ideal beer which, Asahi deduced, it had not been making. The consensus? It should be dry, crisp and have no

Using a new variety of yeast, Asahi then created Super Dry, which has 10 percent more alcohol than regular beer, the same number of calories and a drier, less sweet taste because it is fermented longer and contains less sugar.

When Asahi introduced the product in March 1987, the Japanese beer market took off. Asahi's sales leaped 33 percent in 1987. Early

this year all three of the other major Japanese brewers - Kirin, Sapporo and Suntory - rushed out competing dry beers. Together, the four control more than 99 percent of the total beer market. The new brew has put a kick in a market that had been calmly growing at 3 percent annually. In 1987, sales rose 7.5 percent, and this year they are

racing ahead at an 8 percent clip. For the individual brewers, the aftershocks have been enormous.

Asahi now sells almost half the dry beer in Japan. Its total share of beer sales has soared to 20 percent, from 10.4 percent, in just 16 months. Kirin's share, meanwhile, has sagged to 51 percent,

There have been social consequences as well. Many grocery store owners now place apologetic signs in windows saying they are out of dry. Asahi employees may not buy Super Dry because every precious drop must be reserved for customers.

And American celebrities, long popular in Japanese ads, have been recruited as pitchmen. Mike Tyson, the world's heavyweight boxing champion, may push Pepsi here, but in Japan he's a Suntory

In one TV commercial, Gene Hackman, the actor and Kirin Dry spokesman, says: "I'm so happy I could cry. Dry." Although the brewers say more alcohol is not the

source of the product's appeal, Yasuhiro Fu-kuyama, beer manager of the Suntory International Coro., admits Tyson was chosen to "comi cate the power and the punch of the beer.' One expert said Japanese culture might help

explain the craze. "The Japanese are much more See BEER, Page 15

The Dollar, at 9-Month High, Awaits Direction

LONDON - The dollar is entering this week at nine-month lights against the Deutsche mark, buoyed by the strength of the U.S. at 1.8415 DM. A month ago it was economy, and some dealers said it worth 1.72 DM. The dollar also dampen sentiment. could make further gains against

the U.S. trade figures for May, due Friday. Good figures could extend the dollar's month-old rally. But it 125 yen a month ago. could fall if the deficit is apprecia-

low at 5.3 percent.

ended at 133.25 yen, against about

The dollar could rise to 1.90 DM bly wider than April's \$9.9 billion, and 140 year if U.S. trade figures last week, and dealers are watching dealers say.

tion, the Federal Reserve Board sure the Fed will come to the same 1.84 marks in the afternoon. But it might soon move interest rates up. conclusion before long," said Dana recovered to finish near its highs.

And since higher U.S. interest Johnson of First Chicago Corp.

Dealers' reactions to the Fed

Worried that a strong dollar will

and thus import inflation, West Germany's central bank has repeatedly been selling dollars to try to brake the currency's rally. The Bundesbank sold dollars all

A tighter labor market signals higher wages. Markets speculated that, to damp down a risk of inflafor its own good and I'm pretty briefly pushing the currency below

Bosch to Shift Some Production Overseas

hold appliances.

lower, since the 1970s.

and transport costs.

proposed new tax on a key raw munications equipment and house-West German firms have been and energy projects.

> Spain and Tunisia, where wages are Companies also want to base manufacturing in key export mar-

Kuwait Orders Default Suits

KUWAIT - Kuwait has ordered commercial banks in the country to sue debtors who have defaulted on their loans and refuse to cooperate with a government rescheduling plan, the governor of country's central bank said Sunday. Sheikh Salem al-Sabah said that preparation of settlement

proposals for nearly all of the 1.9 billion dinars (\$6.74 billion) in nonperforming loans covered by the plan would be completed in the next 10 days. This brings a government program begun in 1986 to re-

schedule bad bank debt to its final phase, he said.

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4 OPEC States Are Said to Seek Talks on Prices

ing a slide in world oil prices, the said in an editorial.

Kuwait News Agency, KUNA, has seid.

Several Arab oil producers, including Kuwait, Saudi Arabia and

KUNA quoted a source close to the markets for their crude oil. group as saying Iran, Libya, Algeria and Venezuela wanted the ex-

could send world oil prices even plied and only marginally profit-

World oil prices firmed last week of the Piper Alpha oil platform in the North Sea, which exploded an extraordinary meeting.

But prices remain more than \$3 a barrel below the group's official price of \$18 a barrel because of oversupply and output-quota violations by some OPEC states. U.S. oil analysts said Friday that OPEC was more likely to resort to

behind-the-scenes maneuvering to boost prices, as the risk of failure at a formal meeting was too great. At its last meeting in mid-June, OPEC was divided between those

favoring fresh output cuts and those opposed. Iran, Libya and Algeria have tra-ditionally favored low production levels and high prices, while the Gulf Arab states, led by Saudi Arabia and Kuwait, have resisted output cuts, which they see as under-

mining OPEC's world market

The OPEC president, Rilwanu Lukman of Nigeria, due in Vienna on Monday for consultations, has said the \$18 price can be attained if all members stick to their output

Iraq is not included in OPEC's current production pact because it rejects any quota less than that of Iran, its Gulf war foe. The United Arab Emirates, according to industry sources, recently started making good on a threat to pump more oil than its quota provides for.

would move higher was based on a past comment by Alan Greenspan, the Fed chairman that the interest rates closed that the Emirates, Iraq and Iran had sharply increased estimates of the interest rates. Earlier this month, it was disthe Fed chairman, that the jobless mates of their proven oil reserves Meanwhile, the Organization of rate probably could not fall below 5.2 or 5.3 percent without fueling Arab Petroleum Exporting Coun-inflation. Arab Petroleum Exporting Coun-tries urged Arab oil producers to

Many investors feared that the invest more in refineries in the Fed might raise its discount rate Arab world.

the Arab world are not receiving KUWAIT - Four members of the attention they deserve, al the Organization of Petroleum Ex- though the increasing Arab conporting Countries are seeking an sumption of refined products will emergency meeting of the 13-na- ensure a continuously expanding tion group to discuss ways of halt- market, OAPEC's July Bulletin

In a dispatch from Vienna, head- Abu Dhabi, have bought shares in quarters of the producers' cartel, refineries in the West to guarantee

OAPEC said these investments were cheaper than building new retraordinary meeting.

But, the agency said late Friday,
Gulf Arab members had reservaties. But the oil products sector in fineries, provided expertise and tions, fearing that failure to agree the industrialized world is oversupable, it said.

Tangible improvement in the oil after renewed tension in the Gulf markets of industrialized countries following the downing of an Iranis not expected in the foreseeable an airliner by U.S. forces; the loss future, the Bulletin said.

OAPEC groups Saudi Arabia Kuwait, Qatar, the United Arab with the loss of about 166 lives; and Emirates, Iraq, Libya and Algeria, reports that OPEC was considering all of which are OPEC members with Bahrain, Syria and Tunisia.

Kuwait Hints At Cut in 22% **BP Holding**

KUWAIT - Sheikh Salem al-Sabah, the governor of the Kuwaiti central bank, said Sunday his country might re-duce its controversial 22 percent stake in British Petroleum Co. if market conditions were

right.
The London-based Kuwait Investment Office began buy ing shares in BP last October after the worldwide stock market collapse dashed investor interest in a government share offering in Britain's national

oil company. "We are investors," said Sheikh Salem, who is a board member of the investment office's Kuwait-based parent, the Kuwait Investment Authority. "At any time we find there is an opportunity to sell our investments, definitely we

will move ahead." British opposition politicians have criticized the stake as a threat to national interests and the Monopolies and Mergers Commission is delib-

erating on the matter. The Kuwait Investment Office holds overseas investments put by bankers at more

of the Brazilian economy.

In a letter to the International

In presenting its cost-cutting

restore sustainable economic

come distribution and maintain

vigorous performance in the for-

dealers say. "The market really needs to see figures under \$10 billion to sustain dollar euphoria," said a trader at a meeting of foreign-exchange dealers in Jordan, at the weekend. "The market really needs to see figures under \$10 billion to sustain dollar euphoria," said a trader at a meeting of foreign-exchange dealers in Jordan, at the weekend. "The minister added that his tri

on its \$76 billion bank debt.

ute has not been defined," Mr. No-

He said Japan had backed Bra-zil's request for a \$500 million line to Japan had also been linked to a

of credit from industrial countries request for a \$2 billion loan from

for June and July interest payments the World Bank for restructuring

"The United States will probably be the biggest contributor, but Japan has guaranteed its support formally asked for a \$1.436 billion

States, Canada, Britain, France, Switzerland and West Germany for distribution and maintain

interest payments on most of its Undersecretary for Finance Micommercial debt, Brazil returned chal Gartenkraut, Brazil's chief ne-

though the amount it will contrib- contingency loan.

After a 10-month moratorium on eign area.

BRASILIA - Japan has promised to help Brazil secure new credit from the industrial world, the Brazilian Finance Minister Mailson Nobrega said after a four-day visit

Mr. Nobrega said on his arrival at the Brasilia airport Saturday that sponse to a Brazilian request for \$5.5 billion in loans from the Nakasone Fund to help finance 19 projects for economic and social develutions would be discussed this he was optimistic about Japan's reopment.

He said two Japanese missions would visit Brazil in late July to official talks. evaluate irrigation, steel, transport

The minister said he had obtained firm support from Japanese to the negotiating table with banks officials during discussions on Brazil's plans to service its approximately \$121 billion foreign debt, including a promise of support in negotiations with the Paris Club of lender nations.

On June 22, it announced agreement on rescheduling \$63.6 billion in first said Brazil was seeking the first \$300 million installment by Aug. 15. He said Brazil was seeking the first \$300 million installment by Aug. 15. He said Brazil was seeking the first \$300 million installment by Aug. 15. He said Brazil was seeking the first \$300 million installment by Aug. 15. He said Brazil was seeking the first \$300 million installment by Aug. 15. He said Brazil was seeking the first \$300 million installment by Aug. 15. He said Brazil was seeking the first \$300 million installment by Aug. 15. He said Brazil was seeking the first \$300 million installment by Aug. 15. He said Brazil was seeking the first \$300 million installment by Aug. 15. He said Brazil was seeking the first \$300 million installment by Aug. 15. He said Brazil was seeking the first \$300 million installment by Aug. 15. He said Brazil was seeking the first \$300 million installment by Aug. 15. He said Brazil was seeking the first \$300 million installment by Aug. 15. He said Brazil was seeking the first \$300 million installment by Aug. 15. He said Brazil was seeking the first \$300 million installment by Aug. 15. He said Brazil was seeking the first \$300 million installment by Aug. 15. He said Brazil was seeking the first \$300 million installment by Aug. 15. He said Brazil was seeking the first \$300 million installment by Aug. 15. He said Brazil was seeking the first \$300 million installment by Aug. 15. He said Brazil was seeking the first \$300 million installment by Aug. 15. He said Brazil was seeking the first \$300 million installment by Aug. 15. He said Brazil was seeking the first \$300 million installment by Aug. 15. He said Brazil was seeking the first \$300 million installment by Aug. 15. He said Brazil was seeking the first \$300 million installment by Aug. 15. He said Brazil was seeking the first \$300 mi

Soviet Bank's Fall Detailed

MOSCOW -- A Soviet newspaper Sunday lifted some of the veil of secrecy over the collapse of a Swiss francs. Soviet-owned bank in Zurich, which lost 500 million Swiss francs (\$328 million) before it was declared bankrupt in 1985.

Sotsialisticheskaya Industriya disclosed that the Soviet manager of the Voskhod Handelsbank had been granted amnesty by a Soviet court despite his role in the affair, ures when he was sent to investishower gifts on Kremlin leaders. Yuri Karnaukh was granted am-

grounds that he was a war invalid and had been decorated by the state for his services at the head of the bank, the newspaper said. Voskhod Handelsbank was the

main outlet for Soviet gold sales to the West before bankruptcy in

March 1985. Its former chief gold handler, fired in 1984, had hidden

losses of more than 200 million The figure of 500 million Swiss francs cited by Sotsialisticheskaya Industriya had not been made pub-

The newspaper said that the first deputy chairman of the Soviet Foreign Trade Bank, Albert Makevev. had been so staggered by the figwhich included using bank funds to gate that he collapsed and died.

It said that Swiss watches and other gifts charged to the bank's nesty at a trial this year on the account had been sent to former leader Leonid L Brezhnev.

Lloyds Eurofinance N.V.

U.S. \$500,000,000

National Westminster Bank PLC (Incorporated in England with limited liability)

Primary Capital FRNs (SERIES "A")

In accordance with the provisions of the Notes, notice is hereby given that for the slx months interest period from July 11, 1988 to January 11, 1989 the Notes will carry an Interest Rate of 63% per annum. The interest payable on the relevant interest payment date. January 11, 1989 against Coupon No. 7 will be U.S. \$4,280.56 and U.S. \$428.06 respectively for Notes in denominations of U.S. \$100,000 and U.S. \$10,000.

By: The Chase Manhattan Bank, N.A. London, Agent Bank

Guaranteed Sterling/US Dollar Payable Flooting Rate Notes due 1990 For the six months July 8, 1988 to January 9, 1989 the Notes

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will carry an interest rate of 10.625% p.a. Coupon Amount of U.\$.\$53.85 payable on January 9, 1989 against Coupon No. 17. Citibank, N.A. (CSSI Dept) London, Agent Bank

INTERNATIONAL HERALD TRIBUNE, MONDAY, JULY 11, 1988 102 / 8523 8.972 8.989 9.144 9.250 9.142 9.165 9.165 9.179 9.279 9 Provided by Credit Suisse First Boston Securities, London, Tel.: 01 323 11 30 Prices may vary according to market conditions and other factors. 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5 to 7 yrs

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Yes, 8 yrs & over

5 to 7 yrs

Starres, 1 yrs & over

Starres, 1 yrs & over 9.45 9.65 9.66 8.40 8.44 7.73 10.00 11.52 15.66 5.40 5.42 9.49 9.37 9.56 9.14 16.32 8.49 8.16 7.80 9.95 13.62 14.93 5.58 5.13 **ECU Straights** Weekly Sales July 7 Yid Anot 7.75 8.47 7.80 8.25 8.18 8.25 8.18 8.25 7.56 7.57 8.45 7.57 7.53 7.45 7.53 7.53 Curd 7.467 7.467 8.78 7.41 8.58 7.52 7.54 9.73 8.75 7.54 9.73 8.75 7.46 6.66 7.46 7.46 Eon \$ 1,7-(2,30 287,10 297,60 1,450,50 Price 97% 102% 102% 101% 105% 105% 103% 97% 105% 105% 105% 105% 105% 100% 98% 2,492,30 7,482,30 7,48,30 51,60 820,0 4,822,37 5 Nees 758.00 2,740,90 45.70 291.20 1,268.00 1,81.00 2,055.70 3,233.10 \$ Nons 4861.60 9.225.10 209.30 692.10 973.00 1,524.00 1,909.40 254.70 8,633.20 11,675.90 1 300r Nons 8452.10 701,99 3,078.50 324.30 12,758,80 July 8
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"YORK — Prices of U.S.
securities took a downbe end of last week on the
than expected employa for June, which sparked
inflation, bor Dense than interest

ibor Department reported at the June civilian unemrate dropped sharply to only the lowest level in 14 only maken payrolls rose by which shows an excepstrong economy. said of Butcher & Singer Inc.

Morris said there will be "a same with the drought in key of higher inflation, a prime to measure is likely "maybe in the sasson left."

ron Lehman Hutton Inc.'s

[long-term Treasury bonds

7] Different Treasury bonds

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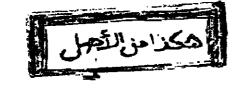
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Westdeutsche Landesbank, 41, Moorgate, London EC2R 6AE/UK Telephone (1) 638 6141, Telex 887 984 WestLB International S.A., 32-34, boulevard Grande-Duchesse Charlotte Luxembourg, Telephone (352) 44741-43, Telex 1678 Westdeutsche Landesbank, BA Tower. 36th Floor, 12 Harcourt Road Hong Kong, Telephone (5) 8 42 02 88. Telex 75142 HX

One of the leading Marketmakers



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at of the vote, followed by the alinas with 32.7 percent and by How many of Mercho's 38 at registered voters actually and How many or microns 3 at allow is not yet known.
Until then, Mr. Cardens at allow or the control of the control Until then, Mr. Cardens assued only "preliminary data" has the stowed him leading but slowed him leading but slowed him leading but slowed him leading but slowed have a question, he said he was lectaring himself president secause it was up to the robot successful Commission to do was a sectoral Commission to do was a

The confusion over who has the Federal Electional George Friday who has the Federal Electoral Commission and all further wholed canceled all further schools meetings and said no decing suits would be annound by

The Institutional Revolution Party has won every product Party has won every present of the common of opposition was certain in the handful of seats in the Source of substantially increase its progr

Faced with unprecedent as level losses in the president deceed losses in the president de-tions and a new federal legister a major faction of the institute Revolutionary Party of Smith manded a recount of the profetal vote in Mexico City, the man try's largest concentration voters, where about 14 percent the registered electorate inc. Mr. Cardenas called the man move "very grave" and vond

light it legally.

Arab Unrest Enters 8th Month, 3 Die

JERUSALEM - A Palesine was shot to death in a dad w Israeli troops on Sunday, 21 weekend general sinks parks the occupied West Bank and fa-Strip. The death was the thories death in three days.

The stepped-up Palesmin pe rest followed a call from ground Arab leaders for page and for businesses to shu done mark the start of the eighth and of a Paiesuman uprising 🚌 Israeli mie.

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A spokesman for al-linkalis mitai in Nablus said Zohd He sour Znigeh. 17. died after meg short him in the legs at a denomtion Sunday in the Astrone

"An arms patrol was audal about a dozen voungsmine Stones in this spokesmen ് പ്രാഷ്ട്രണം സ്ഥാരവ (sal- was endangered."

Soldiers confined research their homes after the show, They are declared paned? West Bank "closed militar # which presented our wife CAN

> Troops shot and falleds Se old man in the lababa che came in the Cara Supas day, and a 22-year-old des clash between stone home: Soldiers near Nablus on Fide The army also said it is

stroved the house of Phone living in the Cara Sup des entherises of thebank age fire bombs at may punks. trong to spect or stab ties peried of collaborating with The army says a house tion over he manufact ment or that send to the from carrying out unideal a: .::: Pulsum

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rates and inflation. The Labor Department reported Friday that the June civilian unemployment rate dropped sharply to 5.3 percent, the lowest level in 14 years. Nonfarm payrolls rose by 346,000, "which shows an exceptionally strong economy," said Lawrence Morris, a senior vice president of Butcher & Singer Inc. in Philadelphia.

Compiled by Our Stuff From Dispatches

NEW YORK - Prices of U.S.

Treasury securities took a down-

Mr. Morris said there will be "a lot of anxiety" in the near term because with the drought in key U.S. corn-producing areas and fears of higher inflation, a prime rate increase is likely," maybe in the

next two weeks." Shearson Lehman Hutton Inc.'s index of long-term Treasury bonds fell 30.05 points on the week to 1,223.77. The index stood at

1,253.82 the previous Friday. year Treasury bonds that mature in the manner in which it chose to do at the long end of the Treasury the year 2018 ended Friday at so today."

turn at the end of last week on the the latest 10-year issues were trad- lar and the Commodities Research

New International Bond Issues

Terms

Interest will be peggad to 3-month Libor, but spread may vary each quarter. Average life 8 years. Fees not disclosed.

Over 3-month Libor, but spread over Libor may vary each

Over the Japanese long-term prime rate, semicons Redeemable and callable in 1991, with redemption ar

then and at motority linked to the performance of the Nikkei 225 stock index. Fees 1%%. Denominations 100 re-lian yea.

Coupon will be 8.66 less the Jopanese long-term prime rate, semiannually. Fees 1.70%. Denominations 100 million yen.

Below the fixed-to-floating interest rate swap level, Noncollable, Fees 0,20%. Denominations 100 million yea.

Coupon will be paid in dollars but will be computed in Danish

larone and Deutsche marks, using fixed exchange rates of 6.918 know and 1.82018 marks per dollar, Nancollobie, Fee

estiable private placement. Fees not disclosed

Coupon will be 21/1% the first 2 years and 7% thereafter.

with one warrant exercisable into company's shares at an expected 24% premium. Fees 24%. Terms to be set July 14.

Noncollable. Each \$5,000 note with one warrant exercisable into company's shares at 898 yen per share and at 133,70 yen per dallar. Feet 21/1/16.

Coupon indicated at 414%. Noncollable, Each \$5,000 note with one warrant exercisable into company's shares of an expected 25/1% premium. Fees 214%, Terms to be set July 11.

Nancefiable, Each \$5,000 note with one warrant exercises

97.50 Coupon indicated at 31/1%. Noncallable, Each \$5,000 note

Noncollable, Each \$5,000 note with one warrant exer into company's shares at 788 year per share and at 134.70 year per dollar. Fees 24%.

100,00 Coupon indicated at 31/2%. Noncollable. Each \$5,000 note

Noncollable. Each \$5,000 note with one warrant ever

106.00 Noncollable. Each \$5,000 note with one warrant exercisable into company's shares at 687 year per share and at 134.70

Noncollable. Each \$5,000 note with one warrant ex into company's shares at 923 year per share and at 133.70 year per dollar. Fees 24%.

Noncollable. Each \$5,000 note with one warrant ex

ncollable. Each \$5,000 note with one warrant ex

Noncollable, Each \$5,000 note with one warrant a

100.00 Coupon indicated at 35%. Noncallable, Each \$5,000 note

103.75 Redeemable at 125.70 in 1993 to yield 8.35%. Convertible at

97.00 Noncollable. Each \$5,000 note with one warrant exercisable into company's shares of 1,024 year per share and at 133.50 year per dollar. Fees 24%.

97.50 Coupon indicated at 41/4. Noncollable. Each \$5,000 not

with one warrant exercisable into company's shares at an expected 29% premium. Fees 24%. Terms to be set July 12.

into company's shares at 2,153 yen per share and at 133.70 yen per dollar. Fees 7,4%.

Noncollable, Each \$5,000 note with one warrant exercisable

into company's shares at 1,000 yen per share and at 133.50 yen per dollar. Fees 24%.

into company's shares at 800 year per share and at 134.70 year per dollar. Fees 24%.

into company's shares at 800 yen per share and at 134.70 yen per dollar. Fees 24%.

Coupon indicated at 44%. Noncollable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 24% premium. Fees 24%. Terms to be set July 14.

into company's shares at 856 yen per share and at 134.70 yen per dollar. Fees 214%.

Coupon indicated at 4½%. Noncollable, Each \$5,000 note with one warrant exercisable into contactly a thores at an

with one worront exercisable into company's shares at an expected 2½% premium, Fees 2½%. Terms to be set July 12.

with one warrant exercisable into company's shares at an expected 24% premium. Fees 24%. Terms to be set July 12.

1,130 pesetas per share, a 15.40% premium, and at 121.401 pesetas per dollar. Fees 24%. Denominations \$10,000.

with one warrant exercisable into company's shares at an expected 29% premium. Fees 294%, Terms to be set July 11.

Coupon indicated or 414 to 5%. Redeemable in 1995 to yield ¼ over comparably-dated U.S. Treasury notes. Convertible of an appected 10 to 12% premium. Fees 25%. Terms to be

Semionnual coupon indicated at 25%. Callable at 103 in 1993. Convertible at an expected 5% premium. Fees 25%. Terms to be set July 15.

Callable at par in 1993. Convertible at Au\$5.00 per share.

101,88 Callable at 107 in 1992. Convertible at 260,4166 framas per

shore, a 17.3% premium. Fees 21/%.

into company's shares at 1,312 yen per share and at 135.95 yen per dollar. Fees 214%.

one warrant exercisable into company's shares at an ared 21/1% premium. Fees 21/2%. Terms to be set July 15.

97.50 Coupon indicated at 41/%. Noncollable. Each \$5,000 note

- Noncellable, Fees 13/%.

Noncaliable, Fees 1%%

1011/2 100.25 Callable at 1011/2 in 1993. Feas 19/%.

101.175 99.18 Noncollable. Fees 1%%. Denominations \$10,000.

8% 101.175 99,48 Noncollable Fees 1%%

8% 101.025 99.88 Nancallable. Fees 11/%.

61/4 100% 98.40 Noncollable. Fees 2%.

1993 7% 101½ 99.38 Noncollable, Fees 17%.

ter. Redeemable of par on every interest payment date.

rage life 8 years. Fees not disclosed, increased from £150

Over 6-month Libor, Nancolloble, Fees 0.10%.

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C\$ 125 1991 10 1011/4 97.75 Noncollable. Fees 11/1%.

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Nippon Synthetic

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Selasui Plastics

Sumitomo Cement

Telefonica de Españo

Toyo Tire & Rubber

Compagnie Générale

Ryosan

Tokai

Chemical industries

Nippon Yakin Kogyo

European in

Bank

lives 14

stronger than expected employing at 99 23/32, down from 101 Bureau index.

ment data for June, which sparked 15/32. renewed fears of higher interest may even tighten credit as a means eased against the yen, the bond duced sharp gains in the discount modities index was down much of

rates of Treasury bills. The bills are one of the few areas large measure of control.

points, to 6.66 percent and the reagreement operation was the largturns on sixm-month bills ad- est since last Sept. 28. vanced 24 basis points, to 6.98 per- At the usual time of the Fed's

cago, said: "Given the market's belief that the Fed is about to gently percent. tighten credit for the fifth time Jonathan B. Greenspan, chief since March, many of us were sur- trader at Aegis Capital Manageprised that the Fed was so aggresment Corp., noted that inflation sive in adding reserves as well as fears are most pronounced as usual

Inflation Fears Hit U.S. Bond Prices about 100%, down from 103 the Mr. Morris noted that bond marweek before. In the intermediate- ket activity prior to Friday was term government sector, prices for dominated by two forces: the dol-

"As the dollar rose above 135 The prospect that the Federal yen, the bond market got much Reserve Board may be less accom- stronger," he said. But as central modating in supplying reserves, or banks intervened and the dollar of cooling the economy, also pro-

the week. Friday, the Fed indirectly added of the government securities mar- \$3 billion of temporary reserves to ket where the Fed can exercise a the banking system through repurchase agreements on behalf of its As a result, the discount rate on customers, usually other central the 90-day bills soured 11 basis banks. This customer repurchase

operation, 11 A.M. New York time. Robert G. Dederick, chief econ- the key lending rate, that for federomist at Northern Trust Co., Chi- al funds, was at 7.56 percent. The

International Loans Set Record, but Rate of Growth Slows

By Carl Gewirtz

nal Peruld Tribune international credit market is that late 1986. the volume of business in the first half of this year set a record, indicating the market has fully recovered from the damage inflicted by the outbreak of the Latin American debt crisis in 1982. The bad news is that the rate of expansion has slowed markedly.

The volume of first-half activity loans was \$58 billion, the Organization for Economic Cooperation Development reported last and week

The previous record was set in 1982, when \$53 billion was lent in the first half. The onset of the debt crisis that summer, when Mexico

(Continued from first finance page)

needed hand, since a strong dollar

at the moment serves a useful polit-

ical purpose of helping to hold

down inflation, by lowering import

costs, in the run-up to the Novem-

Analysts at Commerzbank in

Frankfurt worried that good trade

numbers and ineffective interven-

tion could propel the dollar to 1.90

DM, a level not seen since early

ed by the drop in the U.S. unem-

ployment rate. That was read as a

signal that the Fed would be

obliged to raise domestic interest

rates to cool the pace of economic

growth, thus making the dollar

But the possibility of higher in-

terest rates was bad news for the

In the Eurobond market, two

sovereign issues attracted atten-tion: Italy's \$1 billion of five-year

notes and Denmark's \$600 million

of three-year paper. The relatively

short maturities and the pickup in yield over U.S. Treasury paper, 53

basis points for Italy and 56 for

Denmark, were considered attrac-

What intrigued professionals

even more attractive.

tive by central banks.

bond market.

Last week, the dollar was boost-.

ber election.

1987.

sent the market into a tailspin from PARIS - The good news for the which it began to recover only in

The first-half volume in 1986

was \$28.8 billion, and in subse-INTERNATIONAL CREDIT

quent half years, volume expanded 20, 23 and 26 percent.

However, while the expansion is continuing, the pace of growth is slowing. This year's gain is only 9 percent over the \$53.1 billion in syndicated bank credits arranged

in the final six months of last year. The slowing pace coincides with plans of bank regulators to impose uniform capital requirements and announced it could not service its risk assessments on commercial

manager of both.

below Libor.

attention to the profitability of parent, Chicago Pacific. business they put on their books.

\$19.4 billion of last year's second

Activity in the market last week, reflecting the traditional summer will be about 1/4 point higher than slowdown, was focused on the business about to come.

lion) buyout of Reed Internationa-

points below Libor for Denmark -

"It's a reasonable conclusion for

Bankers were unwilling to dis-

cuss details of these risks, or op-

Stanley, J.P. Morgan and Paribas

With no details available, but

knowing Denmark's aversion to

risk-taking, the deal-maker said:

be on the Italian side, That's what

produces the arbitrage that brings

these deals up from their natural

Libor minus a handful, to Libor

minus a fairly interesting number."

"The additional risk is believed to

by taking some measured risk."

EUROBONDS: Good News for the Dollar Could Be Bad for the Market

ing of the issues were related. Cred-straight swap — 15 basis points it Suisse First Boston was lead below Libor for Italy, 10 basis

As classic swaps from fixed-rate and what they are believed to have to floating-rate financing, professionals say, Denmark could have something's been added," said the

don interbank offered rate, the in-ternational wholesale cost to bor-money for nothing. You get money

Denmark is notorious among tions, believing that only a few issumarket professionals for being ing houses — CSFB. Morgan

maker, "is plain-vanilla Libor at figured out how to structure such minus numbers. When they get a deals.

"What they want," said one deal- are the names cited - have yet

achieved a floating-rate cost of 10 deal-maker.

to 12 basis points below the Lon-

row short-term funds. For Italy, the

rate is estimated at 15 basis points

yield-hungry and averse to risk.

number that turns them on, bang.

they do a deal. They are notorious

for being very cynical about hitting

bids that suit them. But they never

ever take risks. They never give

options, they never take currency

Denmark reportedly swapped

the proceeds of its issue into float-

ing-rate Deutsche marks at an eye-

popping 45 basis points below Li-

swapped into a mixture of floating-

rate marks and dollars at a cost of

"The difference between what

40 basis points below Libor.

risks or give interest rate puts."

debt and sought a rescheduling, banks, forcing them to pay greater of West Germany from its U.S. into a currency other than the dol

Banque Exterieure d'Algérie has This no doubt also accounts for named Gulf International Bank to week on the \$150 million, eightthe slowdown in activity on the arrange a \$100 million, seven-year market for note issuance and other loan that will carry a margin of 'a Corp. of Greece. It will pay 1/2 point back-up facilities. The volume in point over the London interbank over Libor for the first six years this sector totaled \$16.5 billion in offered rate. The loan will be one and % point over thereafter. Last the first half, still well above the year shorter than the previous Al- week, the split between the two \$11.8 billion recorded in the year- gerian borrowing in January, the margins was reported to be after earlier period but below the record grace period of four years also will be one year less and the overall

the last loan. In part this reflects the credit This will include the financing to situation in Algeria, and in part it support the £600 million (\$1 bil- reflects the government's willing-

situation in Algeria, and in part it ness to be generous, since the actulin Britain and a refinancing of the al cost to Algeria will be much \$170 million bridge loan to lower because Algeria will be sell-France's SEB to purchase Rowenta ing an option to convert the loan

"that information is very propri-

etary. People are making assump

tions about the way issues are con

nected which are completely

fallacious and fictitious."

Gains Foreseen

On Polish Debt

yield to lenders, including what are

described as "rich" front-end fees,

Details were announced last year loan for the Public Power

four years. Petrofina, the Belgian oil, gas and chemical company, and its subsidiary Mafina will each be tapping the medium-term note market for up to \$500 million. Merrill Lynch is arranging the program and additional dealers are Credit Suisse First Boston and S.G. War-

Medium-term notes, having a maturity of up to three years, are no different from Eurobonds. But in the bond market, the issuers would have less flexibility. The issuers of medium term notes can choose their timing on when to issue — tapping paper into the mar-ket as conditions suit them — and four swap counterparties to the are not obliged to issue in large Italian issue and three counterpar- amounts in order to attract instituties to Denmark's and that there tional investors as would be necessary in the bond market. were "no options of any kind at any

Creditanstalt of Austria will also Asked how the issuers could be the tapping the market for up to achieve the substantial below-Li- \$500 million through the sale of bor cost of money, the official said commercial paper and medium

			J	dy 8
	Clos	529	•	Mkage
Maturity	Bid		Yield	vield
31.12.89	99 17/32	99 19/32	8.24	7.96
5.05.91	99 11/22	99 12/32	8.37	8.11
31.12.91	99	99 2/22	8.54	8.25
5.02.93	100 12/32	100 14/32	B.65	8.38
5.01.95	97 12/32	97 14/32	8.89	8.80
5.05.98	99 =3/32	99 25/32	9.04	8.75
5.02.08	101 122	101 8/32	9.24	8.95
5.05.18	100 7/22	100 1/32	9.10	8.82
·	Caleman I			

WARSAW -- Poland could start fully servicing its foreign debt of more than \$39 billion by the end of 1991 provided exports continue to

Mr. Baka, who was put in charge The contentious part of this asof the country's economic reform program in June, also said Satursessment is that Italy was content bor. Italy is reported to have with its Libor minus 40 but that the day that he would follow a tightoptions were actually worth more, money policy to combat inflation. enabling CSFB to offer terms to Some economists have predicted that the inflation rate in Poland Denmark that it could not refuse. "Hogwash!" countered a CSFB will exceed 60 percent by the end of was whether, and how, the launch- the issues themselves are worth as a official, who asked not to be

grow, according to the National Bank president, Władysław Baka.

Treasury Bonds

	Clo	SP	1	Mk091	٥
Maturity	Bid	Ask	Yield	yield	
31.12.89	99 17/22	99 19/32	8.24	7.96	
15.05.91	99 11/32	99 12/32		8.11	
31.12.91	99	99 2/3c		8.25	
15.02.93	100 iz/ze	300 14/32		8.3B	
15.01.95	97 12/32	97 14/32	8.89	8.80	
15.05.98	99 =3/32	99 25/32	9.04	8.75	
15.02.08	101 nzs	101 8/32		8.95	
15.05.18	100 7/32	100 1/32	9.10	8.82	
Source:	Saloman I	nc.			

U.S. Consumer Rates Sand Buyer 20-Bond Index 7.75% Anney Market Funds Bank Money Market Accoun Back Rale Monitor Index 5.76 % Home Morigage, FHLB average

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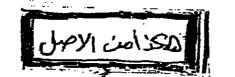
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Page 14	INTERNATIONAL HERALD TRIBUNE, MONDAY, JULY 11, 1988 *
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Siemens Sees

Profit Growth

For This Year

MADRID - The managing

board chairman of Siemens

AG said Sunday that the

group expected net profit in the 1987-88 financial year, to

Sept. 30, probably would ex-

ceed the 1.28 billion Deutsche

marks (\$702.6 million) earned

But the chairman, Karl-

heinz Kaske, said the West

German group would contin-

ue cutting its workforce in or-

der to reduce costs.

in 1986-87.

WORLD STOCKS IN REVIEW / Via Agence France-Presse

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The market remained buoyant ins week. The shooting down of an fransan suriner by U.S. forces in the Gulf, the dollar's drift for much of the week and a decline on Wall Street no discernible effects on sen-timent. The ANP-CBS general there index rose 6.7 points on the week to close at 269.5.

The banking sector, in which credit volume and interest margins are developing satisfactorily, led the upward trend.

The brokerage, Kempen & Co., said a negative technical reaction is day. likely soon, following the gains of recent weeks.

Frankfurt

The market had a good week London with the Commerzbank index rising to 1,507.3 from 1,459.6 in the Indexes move previous week.

Analysts said the rise was prompted by reports of improved corporate earnings; the increase in the Bundesbank's discount rate to 3 percent the previous week; and the dollar's recent strength. They expect the trend to continue this

Autos, chemicals and department stores firmed, while banking stocks were selectively higher.

Nixdorf, the computer maker. closed the week at 458.50 DM. down from 474 the previous Friday, following management foreeasts of poor or nil profit this year.

Volume on the eight West Ger- group. Other store stocks benefitcan exchanges totaled 22.66 bil-for DM, up from 17.3 billion the

(Continued from page 1)

week as recipients of stock in a

rapidly expanding real estate and

nformation-services conglomerate

before the concern was listed on the

Tokyo Stock Exchange.
The price of stock in the compa-

ny, Recruit Cosmos Co., rose more

than fourfold after it was listed in

1986, allowing those who pur-

chased shares privately to make un-

taxed profits believed to total a minimum of several million dol-

include secretaries to Mr. Take-

Yasuhiro Nakasone and Shintaro

who heads the party's policy-mak-

ing committee, has also been impli-

ministers and two prominent mem-

bers of the younger generation of

Recruit Cosmos stock. Ko Morita,

Mile the many of the first transmission of the control of the cont

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Aides to several other former.

Hong Kong

The Hang Seng Index, the key market barometer, jumped 68.26 points on the week to finish at 2,752,90, while the broader-based Hong Kong Index gained 43.30 points to end at 1,819.72. The previous week, the Hang Seng had lost 22.92 points.

The Hang Seng gained 55.60 points Wednesday and 22.12 Thursday, when it reached 2,759,63, its highest level since the October stock market collapse. Profit-taking brought a retreat Fri-

Average daily turnover, at 1.07 billion Hong Kong dollars, was little changed from the previous

Indexes moved irregularly over the week but closed sharply higher on a late recovery in demand. The Financial Times industrial index ended 22.6 points higher on the week at 1,506.8.

Prices weakened Monday following the fifth consecutive increase in British interest rates. The shooting down of the Iranian air-

liner also dampened sentiment. The market recovered at midweek, helped by strong bond markets and a firmer pound.

Takeover activity also aided the advance. Shares of Harris Oueensway, the chain-store operator, rose strongly after announcement of a £450 million bid by the Lowndes

Blue Circle, the cement manu-

The scandal, which involves a

this week to other leading media

organizations in Tokyo and senior

members of at least one opposition

party, political sources indicated

sources of campaign funds has long

been an accepted feature of the

Japanese political scene. At the

center of this activity are large se-

curities houses, local institutional

investors and groups of specula-

tors, which periodically invite asso-

ciates of leading politicians and

These shares then become politi-

long-term investments or short-

term speculative plays. In the most

apparent cases, prices of political stocks have more than doubled in

less than two weeks, these sources

said, chiefly due to manipulation

These issues have particular ap-

never be allowed to lose," a senior

by the institution involved.

The use of financial markets as

over the weekend

might launch a bid. Among autos, Jaguar moved ahead on rumors of stake-building by Ford. In the insurance sector, Legal and General shares forged ahead following rumors that Lloyds Bank was buying its stock.

Milan

The market dipped on the week, with the Comit index finishing at 509.51, against the previous Friday's 512.46. Volume rose to a daily average 145 billion lire from 140 billion lire the previous week.

Montedison rose 2.5 percent on the week. Dow Chemical of the United States bought more Montedison shares during the week, 27,917.08 for a gain of 554.56 bringing its holding to 3.88 percent, points, having lost 193.69 points

dealers said. Ferruzzi Agricola dropped by 2.52 percent, and Iniziativa Meta was down about the same.

Paris

Prices firmed, returning the CAC index to near the level reached before the October collapse. It closed the week at 368.5, up from 358.7

the previous Friday.

Operators noted that the Bourse has paid little attention to international events, though Friday's an-nouncement of a fall in U.S. unemployment raised fears of a rise in

interest rates. Trading is likely to be light in the near future because of the vacation season, analysts said.

Singapore Problems with a new computer-

JAPAN: Stock Trading Scandal Signals Spread of Political Corruption

ized trading system disturbed trading last week. The Straits Times Industrial index finished the week facturer, was in demand following at 1,093.67 points, down 11.74.

total of 76 investors, could spread as those of Recruit Cosmos, is a recorded by the government.

for most politicians.

outweigh above-board fund-raising native.

the market has been a major stum-

prevent insider trading on the To-

kyo Stock Exchange, despite the

market's desire to improve its im-

age as an international equities

observers to anticipate political

realignments or the start of an elec-

tion campaign. But such activity

has now become more or less con-

Volume plunged Friday as operspeculation that Hanson Trust ators grappled with the new floor trading system introduced that day. Trading was interrupted several times by computer failures, and officials extended trading by an

Volume for the week was just over 201 million shares, well down from the previous week's 289.3 mil-

Tokyo

The market rallied as the dollar appeared to be stabilizing, dispel-

ling fears of inflation. The key indicator, the Nikkei average, closed the week Friday at points, having lost 193.69 points

tors returned to the market.

the previous week's 2 billion. Analysts anticipated a bullish

the week before. The market was He said at a news conferclosed Saturday. ence that the current year's Prices firmed Tuesday and profit would "very probably Wednesday as institutional invesbe higher, but he gave no fig-

On Wednesday, volume soared Mr. Kaske said that incomto 2.81 billion shares, almost ing orders to end-May rose to 36 billion DM from 33.8 bilmatching the single-day record of 2.83 billion on Mar. 27 last year. lion DM in the same period of For the week, however, volume averaged 1.76 billion shares against the previous financial year.

Zurich

Trading in unlisted shares, such lion) in 1986, the most recent year

common alternative, this analyst In response, factions of the Lib-

said, because it is technically legal. eral Democratic Party agreed re-

But covert fund raising through cently not to hold fund raisers as of

stocks and convertible bonds, next January and are believed to

whether legal or illegal, is said by have placed more emphasis on

Market sources said this use of aroused public opinion, local ana-

the market has been a major stum-bling block in official efforts to in the markets is frowned upon but

Until recently the appearance of sharply rising affluence and a political stock enabled market "easy money," a perception that is observers to anticipate political fed analysis said, by an apparent

net.

Japanese corporations have plans to enact tax reforms by the

ing banquets given by the ruling political pressure, any involvement party, which executives are virtual of opposition leaders in the scandal

stant, according to several market. It remains unclear how the con-

political and financial sources to stock market activities as an alter-

tone for this week.

The market gained moderately, consolidating the recovery of the previous three weeks. The Credit Suisse index closed at 475 points, against 468.6 the previous Friday.

Chemicals were strong, with Sandoz bearer stock rising 500 Swiss francs to 12,500. Union Bank of Switzerland gained 225 Swiss francs to 3,350, while Swiss Bank Corp. added 23 to 383.

because the amounts involved are

viewed as excessive. Increasingly,

politicians are seen publicly as mo-

tivated by greed in an environment

lack of remorse on the part of Mr.

troversy will affect Mr. Takeshita's

Takeshita and members of his cabi-

department store chains.

Atsunori Andoh, general manager keter's Insights in West Nyack, of the New York office of the Taka-shimaya Co., one of Japan's largest only being marketed by the Japa-

word 'dry' is important. 'Dry' sug- try is not filled with yuppies." gests something new, decisive and bold. In Japan a wet person is very an American producer might sucstrongly attached to family, company and friends, while a 'dry' type would be more individualistic."

ceed with a dry beer at some point.

While presumably watching the situation closely, most big Ameri-

end of Prohibition, dry beer could er, is already conducting market lose a lot in translation.

Brainreserve Inc., a New York president, corporate affairs.
marketing consulting firm, said she "The mainstream American marketing consulting firm, said she

about peaked, and the new trend flat market such as ours, you need a will be toward more alcohol, not product difference to gain share, less. The martini is coming back, gnacs - heavy-alcohol, dark prod-

ucts — are doing very well."

and single-malt scotches and co- able product difference."

Some industry observers, howev-

retain, was 50,300 barrels a day. tally change the company from a He said the proposal should result but analysts said that the foreign small integrated oil company, with production had the best prospect both production and marketing, to for growth.

The plan, which would result in

the elimination of more than 1,000

al. If approved, shareholders would

announcement last week that Sun Sun's chairman, Robert McCleplans to buy the refining and marments Jr., said a soft short-term keting operations of the Atlantic outlook for crude oil prices was one Petroleum Co., would fundamenof the main reasons for the spinoff. in improved operating performance for the exploration and proa strong refiner and marketer, anaduction unit and improved financial performance at the parent Sun's stock closed Friday at

the Sun Co, that it will spin off its jobs, requires stockholder approv-

Investors Support Spinoff by Sun

value in the stock market."

company.
Mr. McClements added that Sun \$60.50, up \$4.25, in heavy trading on the New York Stock Exchange. will hold onto its London-based Some analysts said the spun off international exploration and pro-

exploration company and the reduction unit. structured Sun have a potential The chairman and chief execucombined value of more than \$70 a tive of the new company, the Sun share. "It is a very positive step," said analyst Robin Shoemaker o Exploration and Production Co., would be Robert P. Hauptfurher, Shearson Lehman Hutton Inc. "I'm eestatic," said Kurt H. Wulff of McDep Associates. "I've felt for many years that having re-fining and marketing with explora-tion and production, would be second of president and chief operating offi-layoffs. cer of the new company.

McClements said that the company was in extended negotiations with three oil-exporting nations for a long-term supply arrangement. "It's been sort of an open secret

In meetings with analysts, Mr.

Sun would be refining and market-

ing about 600,000 barrels a day.

with heavy concentrations in New

York and Pennsylvania. Produc-

tion in the United States, the oper-

less than one-fourth that, 130,500

Canadian and other foreign pro-

duction, which the company will

barrels daily in 1987.

that they've been discussing that with Nigeria," said Frank P. Kneuttel, an analyst at Prudential-

Bache Securities Inc. In its announcement Thursday, who is now president and chief op-erating officer of Sun. James E. nia, also said that it would take a McCormick, now head of explora-\$300 million after-tax charge in the second quarter to cover the costs of

(Reuters, NYT)

BEER: Dry Beer Whets Appetites

fad-oriented than Americans," said Steinman, publisher of Beer Mar-

"dry" have not had such charged on their plans.
connotations in America since the The Miller Brewing Co., howevconnotations in America since the

But Faith Popcorn, chairman of

"It's just hype so far," said Jerry nese, it's really insignificant. A lot Furthermore, the meaning of the of yuppies will try it, but the coun-

Compiled by Our Staff From Dispatches

industry experts have reacted fa-

vorably to the announcement by

The spinoff, combined with the

U.S. oil and gas production.

lysts said.

NEW YORK - Investors and

He acknowledged, though, that

Considering that "wet" and can brewers declined to comment

research on dry products, according to Alan Easton, Miller's vice

believed otherwise.

"I think dry beer will be a big hit produced by the Japanese or the Europeans," Mr. Easton said. "In a Europeans," Mr. Easton said. "In a but we're not sure this is an accept-

> Not all segments of the American beer market are flat, of course. Imports have grown 105 percent

Wall Street Review

get one share of the new company for each of their current shares.

NYSE Most Actives AMEX Most Actives —14 —14 +14 +14 +14

NYSE Sales AMEX Sales

22% 22% 30 80 60

NYSE Diaries

AMEX Diaries

American Exchange Options

300 100 9-16 9-16 5-16 27-16 3-16 3-16 3-16 7-16 7-16

NASDAQ National Market

the president of Nihon Keizai peal because political money would

shita, Finance Minister Kiichi legislators to purchase shares on Miyazawa, former Prime Minister the basis of inside information.

Abe, the Liberal Democratic lead- cal stocks, according to market ex-

er. The son of Michio Watanabe, perts, and can be held as either

OTC Consolidated trading for week ended Friday

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complained vociferously in recent end of this year. Although he is months that traditional fund-raising banquets given by the ruling political pressure, any involvement party, which executives are virtualof opposition leaders in the scandal

Centel 44% Cutus 13% Chase 29% Chemik 11% Ch 1.14 - 14 16 Consession of the consession o

12 | 12 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 1554 | 155 20 5-40 Micha Schio strait に 「 Schio Mar Schio Schio Schio Schio Schio Strait に Schio Sc

Chicago Exchange Options

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since the season's end.

folded last month.

The MISL, the only remaining

U.S. soccer league of any stature.

the demise Friday of the Chicago

Sting and also of the Tacoma Stars.

Teams in St. Louis and Minnesota

The announcement of the Sting's

demise came only four days after

the United States was awarded the

1994 World Cup. The San Diego Sockers are on

the verge of going under after the

team's principal owner withdrew

his offer to take the club out of

bankruptcy proceedings after Ta-coma and Chicago folded.

Bill Kentling, the MISL commis-

sioner, said the league would begin discussions next week on its future.

He said the announcements were

The Sting, 23-29 last year, has

been suffering from flagging atten-

dance for the past two years. The

The Sting had been a member of

the MISL since 1984, when the out-

door North American Soccer

League ceased operations. Before

that the club played both indoor

and outdoor soccer as a member of

the NASL since 1975, and won the

outdoor league championships in 1981 and 1984.

Soccer Federation's World Cup ef-

another 48 hours of life Friday by

issuing a preliminary injunction

the franchise for failing to post the

The loss of the four, and possibly

five, teams is the most the league

has ever absorbed in one year. The

league lost three teams after the

1981-82 season and again after

mid-February, when it announced

forts is indeed a possibility."

letter of credit.

ACROSS

1 Word of regret

5 Peacock in the sky 9 Distort

14 Domesticated

13 Big cat

15 Finished

16 Poet Pound 17 Coeur d'---

18 "Splitsville" 19 Slogans 21 Twerp's cousin

22 Munro pen name

23 Japanese emigrant to

the Ū.S.

25 Typical De Mille film

28 Precincts

"a major setback for us."

gressive marketing effort.

50 Ardor 51 The Queen of 53 One-third of thrice 57 Flourished 60 Rallying cries 64 Prefix with

plane 65 Cover-up name décor 68 Leghorns' lodgings

69 Post 70 Raced

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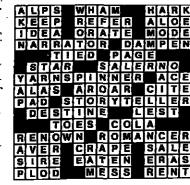
58 Harvest

Murphy

59 Clinton's canal

successor 63 Underfoot item

Solution to Friday's Puzzle



U.S. Pro Soccer Loses 2 More Teams

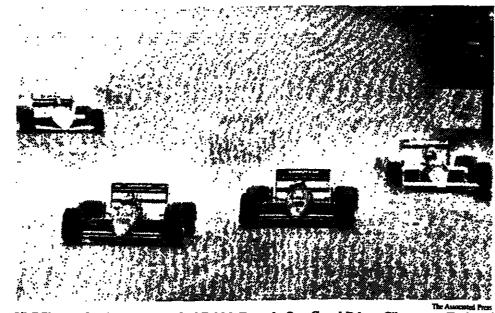
MONDAY SPORTS

Compiled by Our Staff From Dispatches \$898,000 or it would go out of business. The players' union and the MISL agreed to a \$900,000 cap five CHICAGO - The Chicago Sting, oldest professional soccer franchise in the United States, has minutes before a owner-imposed became the fourth Major Indoor deadline on April 15. Should the league fold, the only Soccer League franchise to fold

soccer leagues left in the country would be the low-budget American Soccer League and Western Soccer The U.S. Soccer Federation said

Thursday it hoped to form three tiers of outdoor soccer leagues but the format would not be in place until the early 1990s. The matter is to be voted on July 28-30 in Phila-

■ U.S. Defeat in France Matra Racing, a French first division team, defeated the U.S. team, 6-0, in a friendly match Saturday. Agence France-Presse re-



Visibility was low in the rain-soaked British Formula One Grand Prix at Silverstone, England.

Senna Wins U.K. Grand Prix

SILVERSTONE, England — Ayrton Senna of Brazil piloted his McLaren to victory in the British Formula One Grand Prix Sunday, clocking one hour, 33 minutes, 16.367 seconds on a rain-sodden

The home favorite. Nigel Mansell, was second in his first finish of the season.

Senna who started from the second row of the grid alongside his teammate, Alain Prost of France, never looked threatened once he had passed the pole position man, Gerhard Berger of Austria, on the 14th lap.

Berger, in his Ferrari, was second until the midway point of the 65 lap, 192,985 mile (310.57 kilometer) race, when he began to drop back. At the same time, Mansell began a charge that culminated in his fastest lap of the race, 1:23.308 on the 48th lap. He finished in 1:33.39.711.

It was the highest finish this season for a car powered by an atmospheric engine, and the home victory went some way toward relieving Mansell's disappointment at his dismal season.

"Being second at my home Grand Prix is very

the Stars satisfying." Mansell said. "Obviously I'm delighted for the team."

Alessandro Nannini, in a Ford-powered Benet. Alessandro Nannin, in a row-powage Menet-ton, was third in 1:34.07.581, the highest placing of his career. Brazil's Mauricio Gugelmin in a March claimed the first world championship points of his career with a fourth place, clocking 1:34.27.745

and compatriot Nelson Piquet, the world champs on, got two points for his fifth place in a Louis Piquet finished in 1:34.37.202, the last man onthe same lap as Senna.

The victory moved Senna nearer to Prost in the standings, with 48 points. The Frenchman, who has 54 points after four victories and six second places, retired early with clutch problems, admitting he didn't like driving in the rain. The car was not doing too well anyway," Prost

said. "So I stopped. I did not want to take risks today. Everyone does what they want with their carand with their life. Today I decided to stop."

Berger stayed in third place in the title chase with 21 points, followed by Piquet with 15 Berger's Ferrari teammate Michele Alboreto with 13. and Belgian Thierry Boutsen in a Benetton on

Developer Trump Says He'll Be Adviser to Tyson

By Phil Berger

New York Times Service CONCORD, California - Donteam has been a consistent money-losing proposition, despite an ag-adviser to Mike Tyson, the heavyweight champion, on business and boxing matters. The real estate developer is also aligning himself with Tyson in the dispute with Bill Cayton. Tyson's manager.

"Mike Tyson has asked me and I have agreed, to serve jointly with regard to future decisions about Mike Tyson's career," Trump said Friday by telephone from New Lee Stern, chairman and majority owner of Sting, said. "The possibility of the Sting returning to outdoor soccer as part of the U.S. "Including but not limited to the lawsuits going back and forth between Mike and his current manager, Bill Cayton."

Trump said he intended to hire a boxing expert to help with deci-U.S. Bankruptcy Judge Peter sions concerning Tyson's oppo-Bowie granted the Sockers at least nents.

Trump said that for his involvement with Tyson he would be paid barring the MISL from terminating a substantial fee that he would donate to various charities. He declined to say whether that fee of it. would be based on a percentage of Tyson's earnings. Tyson was unavailable for com-

tioning with his wife. Tyson's attorney, Michael Winston, could not be The league has been ailing since reached.

Cayton has a fight manager's it needed a reduction of the salary contract and a separate personal cap from \$1.275 million to services contract with Tyson. He



Mike Tyson

takes a one-third cut of whatever

Tyson makes in the ring or outside Conflict between Cayton and Tyson's wife, Robin Givens, and her mother, Ruth Roper, developed ment. He was believed to be vaca- soon after the death in March of Tyson's co-manager and Cayton's partner, Jim Jacobs. Some of the differences stem from the women's inquiries about details of Tyson's

EUROPE

I HATE TO EAT AND RUN

I'M COMING

DOWN WITH

SOMETHING

WEATHER

knocked out Michael Spinks at Convention Hall in Atlantic City, New Jersey, Cayton was formally notified of a suit seeking to end his four-year contract with Tyson, which is to run until February 1992. The fight was sponsored by Trump and held adjacent to one of

Since then, two court hearings on the case have been canceled while the sides have tried to resolve the

disoute. Cayton would not comment on Trump's remarks. He stood firm on the issue of his contract with Ty-

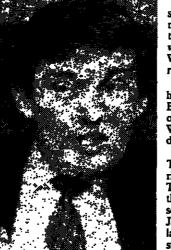
"There will be no compromise of any kind, no concessions," he said.
"My contracts are fully enforceable and will be enforced. There have been overtures from Winston for settlement, but I'm not going any further on them. There will be no settlement.

The next court hearing is scheduled for July 19. "I feel Mike Tyson's lawsuit is a

very good one," Trump said. "The contract is onerous and unfair. "If Mike knew Jim Jacobs was

not going to be around, that he was terminally ill, I don't believe he'd His relationship was with Jim Jacobs, not Bill Cayton." Trump said he first became

On June 27, the night that Tyson aware of Tyson's desire to involve in the following days.



him in his business matters the day before the Spinks bout.

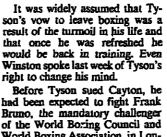
"I went to see him and wish him luck," said Trump. "And he men-tioned to me, 'Mr. Trump, I'd like to see you after the fight.

Questions about Tyson's future have signed the present contract. became clouded when the fighter announced at the press conference after the Spinks fight that he planned to retire. He reiterated that

ANDY CAPP

NORTH AMERICA

Toronto 22
Washington 30
MIDDLE EAST



World Boxing Association, in Loudon on Sept 3. Trump became involved with

Tyson when he bought the live rights to the lighter's bout against Tyrell Biggs in October. Trump then bought the live rights to Tyson's fight against Larry Holmes in January, and for the Spinks fight last month. All three fights were staged at Convention Hall, adjoining Trump Plaza Hotel and Casino in Atlantic City. For the Tyson-Spinks bout,

Trump reportedly paid \$11 million. The crowd of more than 21,000 was said to have paid more than \$12 million, and Trump said gambling revenue at Trump Plaza on the night of the bout - exclusive of that from slot machines - was \$15

Trump said a news conference would be held this week in Manhattan at the Plaza Hotel, which he owns, to announce his association

SIDELINES

Lane Wins Scottish Golf by 3 Strokes

GLENEAGLES, Scotland (Combined Dispatches) — Barry Lane of. England shot a 3-under-par 68 Saturday to capture the Scotlash Open here, his first major victory on the European Tour. Lane, 28, finished it 13-under 271, three strokes ahead of Sandy Lyle of Scotland, the U.S. Masters champion, who shot two birdies and an eagle on the last free holes, and Jose Rivero of Spain.

Roger Chapman of England shot a 72 for third place at 275, and Pe Fowler of Australia finished a stroke back.

3 Share 3d-Round Lead in U.S. Colf

d point for this measurance of his kelly who has surmainment. He had to the advantage of his kelly who has surmainment. League teams as WILLIAMSBURG, Virginia (UPI) — Peter Jacobsen scored an essis on the third hole Saturday to earn a share of the one stroke lead with Kenny Knox and Tom Sieckmann after three rounds at the Anh Busch Golf Classic bere.

Jacobsen fired a 2-under-par 69 to stand at 12-under 201. Knor shot a 65, while Sieckmann posted a 66. Mark Wiebe, the 1985 Ankenser Besti champion, shot a 64 and was one back at 202.

Bubka Betters World Pole Vault Mark

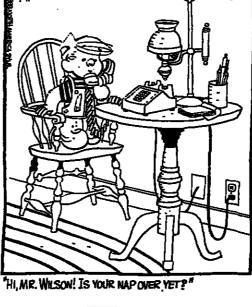
NICE. France (UPI) - Sergei Bubka of the Soviet Union broke his own world record with a performance of 6.06 meters (19 feet, 10% meters in the pole vault Sunday at the Nikaia Grand Prix track meet here. Bubka set the previous record of 6.05 meters on June 9 at a meet in Bratislava, Czechoslovakia. Bubka, who has broken the world record nine times in four years, cleared 5.70 meters and 5.86 meters Sunday beforemaking his first attempt at 6.06. He then missed three attempts at 6.10

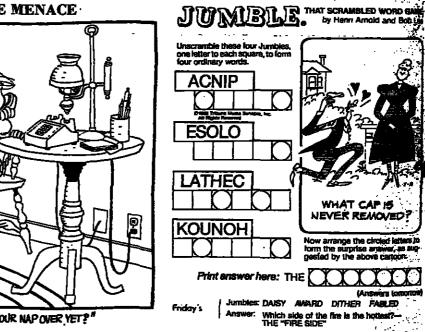
For the Record

Gabriele Reinsch of East Germany set a world record in the women's discus with a throw of 76.80 meters (251.9 feet) Saturday in Berlin, bettering the old mark by more than two meters.

Evonne Goolagong Cawley of Australia, a two-time Wimbledon channeon and four-time Australian Open champion, was inducted Saturday into the International Tennis Hall of Fame in Newport, Rhode Island. [AP]

DENNIS THE MENACE





Now arrange the circled letters it form the surprise arrawer, as sug gested by the above cartoon. Jumbles: DAISY AWARD DITHER FABLED

PEANUTS

O New York Times, edited by Eugene Maleska.

9 Most talkative

10 Claim

29 Mighty mite

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confidently WHY DO YOU painter: 1575-1642 ACT SO STUPID 12 Support 20 Hastened 24 Historic period 26 Vim 27 Chilled

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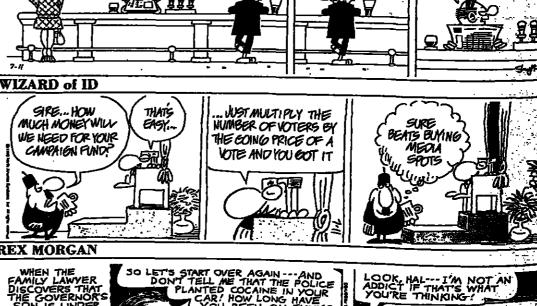
IN THE FIRST BOOK OF I, AE BEEN WHAT DO YOU MEAN? TIMOTHY, IT SAYS, "DO NOT REBUKÉ AN OLDER MAN' LATELY. **BLONDIE**





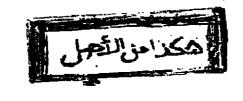












son, seems deliberately to Sund ned the narrowest half-section :: - Luissics standards to pick the likes of Tim Landner, Jeff Russell and Dog loos over Hall of Fame car-Mass such as Bot Booms and Whenever Kelly could take a Ramid Reynolds, Ozne Guilliera . . . Dovle Alexander, he did it at time. expense of more important, pilely and adadag Joe Carter, Mark Laingson (three strikeout utiles in four years). Charlie Hough (1944) lanes in seven years) or Lou Wittelater. Sure, Mile Greenway : 14 2 W has hid, but can two fund to with for

is Midseas

out in Ci

IROHAD SCONNETT

INDERIOR FOR SCONNETT

INDERIOR OF THE STORY

INDER

and at home plate, this the Terry Steinbach.

norst-chosen haseball all-

First in material the Secondary Country and Country an

is a word about the scon-to-ical Steinbach, who mostly succept to starter Ron Hassey whether in has fit Stein-thernore in has fit Stein-thernore in harman

at ne sur homers

the is the starting catcher for the is the starting catcher for the internal League all-star team.

para suas of the state of the s and a nanot-poor stuffing com-pair the lans of Section 110 in a naturally, those lans, in-tion actually, those lans, in-

you acmany, mose 1275, 17-

the proper places to granch submitted of pro-A's ballons at

a live carried Steinbach is time

se live causes seemed as 1719 and alarm. He may be extraction and as the worst all-star starter

Beers. Stembach is just the

on and got almost half of them

may We may have a record have limit, fans get blasted at air

wine for their other rolls

ld cranty, Oalland 1278 Cc.

on the respherity. They also

and Mark McGuyre into the

uning lineap ahead or George let and Don Maturig!

In the whole, house, 1275

ing sophisticates this year in their

Money - kt's not surplet about

Maker as a second baseman

compared to the supposed 270s, his Kelly who really 221s the

see He should know Petter Or

we taken the time to find out

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d Barry or romance. Kelly, a

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Thomas Boswell

SCOREBOAR

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Resembers (5) ParterSec of
Resembers (5) ParterSec of CE ALLEMO THE LA

Ma League Standings

rand Prix Mansell said. "Obviously I'm delgh.

m Nammini, in a Ford-powered floating in 1:34.07.581, the highest placing of first world championship points of a fourth place, clocking 1:34.77.86 points for his fifth place in a Longinsheed in 1:34.37.202, the last man of the power of the second championship points of the fifth place in a Longinsheed in 1:34.37.202, the last man of the power of the last man of the last m

Ag prints. The Francisco with 48 points. The Frenchman the case after four victories and six send red early with clutch problems, the case driving in the rain. stopped. I did not want to take the sear life. Today I decided to stop take the sayed in there is not the title to take the sayed in the place in the title day. counts. Followed by piquet with the counts of the piquet with the country Boutsen in a Benetic of

ttish Golf by 3 Stroks d (Combined Dispatches) - Bany Led on the European Tour, Lane 25 feeds a shead of Sandy Lyle of Southeld the Country Lane 25 feeds a shead of Sandy Lyle of Southeld the Lyle of Southeld Lyle of of two birdies and an eagle on the late

pain.
and shot a 72 for third place at 275, while
the back.
(Up. 1) and Lead in U.S. Golf ama (UPI) — Peter Jacobsen some and to earn a share of the one-stoke in a

rekmann after three rounds at the Andrew

par 69 to stand at 12-under 201. Known in a 66. Mark Wiebe, the 1985 Anhang as one back 2: 202.

World Pole Vault Man Sergei Bubka of the Soviet Union bake aformance of 5.06 meters 19 fee, 10 to it the Nikara Grand Prix track men he record of 6.05 meters on June 9 at and Bubka, who has broken the world manie d 5.70 meters and 5.80 meters South the

A 6.06. He then missed three attempt at

of Germany set a world record in the way 16.80 meters (25) - feet Sanada ale more than two meters.

VIP

tistics standards to pick the likes of ies of Australia, a two-time Wimbielades Tim Laudner, Jeff Russell and in Open champion, was induced Santas iall of Farme in Newport, Rhodelsland if

Doug Jones over Hall of Fame candidates such as Bob Boone and Tommy John.

Harold Reynolds, Ozzie Guillen or Doyle Alexander, he did it at the hot kid, but can't we find room for OK

WHAT CAPE

Lever rende

er er er er

100 mag 1885

Angular Shart Son Single and Resident

*All the Stars Won't Be Out in Cincinnati By Thomas Boswell a Dwight Evans, too? He's pro-Washington Post Service
WASHINGTON — No matter

and-Tom Kelly All-Star Game.

The sophomore jinx has hit Stein-

result of a ballot-box stuffing cam-

once, have earned Steinbach a tiny

piece of infamy. He may be remem-

N. However, Steinbach is just the

focal point for this midsummer madness. It is Kelly who has sur-

passed himself. He had to fill 20 of

the American League team's 28

spots and got almost half of them

brong. We may have a record here.

star time for their oblivious voting. And, certainly, Oakland fans de-

were sophisticates this year in their

balloting — let's not nitpick about

compared to the supposed pros.

It is Kelly who really gets the

isize. He should know better. Or

have taken the time to find out

netter. His choices lack any sense

of history or romance. Kelly, a

used the narrowest half-season sta-

Whenever Kelly could take a

Paul Molitor as a second baseman

ered as the worst all-star starter

season: .215 with four homers.

the Athletics.

It's Midseason Madness:

duced 10 more runs in the same lineup. Are 332 homers irrelevant? what happens in Cincinnati on Kelly's ugliest move was picking Tuesday night, even if Wade Boggs Tim Lauder, the Minnesota catcher ges subpoensed at home plate, this is going to be the Terry Steinbachwith an eight-year average of .220, instead of Boone who, at 41, just set the record for most games caught. The Oakland catcher and the This should have been a showcase Minnesota manager are the twin night for the classy Boone, who symbols of the weirdest, and perentered Saturday's action hitting

haps the worst-chosen, baseball all-.276 — to Laudner's .265. Almost as amazing is the pres-First, a word about the soon-toence of one little Indian - Doug be immortal Steinbach, who mostly Jones, who at 31 has had the first plays backup to starter Ron Hassey for the Athletics good half-season of his career. Why is this man here when Dennis Eckersley and Jeff Reardon are in the bach hard. He's baving an atrocious AL all-star bullpen? And where is the biggest Indian - Carter, who Yet he is the starting catcher for may end the season with 350 RBIs the American League all-star team.
That is what 690,438 votes — the in a span of three years?

If you are going to pick an aging pitcher, why not select John, 45, paign by the fans of Section 119 in the Oakland Coliseum — will do one of the game's beloved sweethearts, rather than Alexander, 37, for you. Actually, those fans, in-cluding one who built a board with who has 100 fewer victories and is a mails at the proper places to punch out hundreds of pro-A's ballots at

Perhaps retaliating against Oakland fans, Kelly did not pick an A's starter, although either Smoke Stew-art or Bob Welch deserved a spot. We could go on, but then Whitev Herzog would not get his due. The St. Louis manager has picked a

logically defensible National League squad — except for Vance Law over Mike Schmidt, Rafael Palmeiro over Kirk Gibson and Bob Knepper over Nolan Ryan. Ryan Ties a Record in 100th Victory for Astros Yet he has somehow left nearly

Usually, fans get blasted at allevery NL star at home. We get Law, Palmeiro, Knepper, Robby Thompson, Chris Sabo, serve the raspberry. They also stuffed Mark McGwire into the Gerald Perry, Barry Larkin, Andres Galarraga, Shawon Dun-ston, Bobby Bonilla, Andy Van Slyke, David Cone, Kevin Gross. to a 6-3 victory Saturday over the starting lineup ahead of George Brett and Don Mattingly.
On the whole, however, fans Greg Maddux and Mark Davis. This is a joke, right?

Tim Raines and Tony Gwynn cannot crack this six-deep outfield? There is no room for Bruce Sutter on the comeback trail? Just because Herzog bates the Dodgers, he picks one player from a first-place Los Angeles team, yet has six Cubs? Last, but not least, the choice of

stubborn and sometimes perverse Kneoper over Nolan Ryan, his more celebrated Astros teammate. Bass. A single by Billy Hatcher Who's to say Herzog wouldn't have drove in Davis, before an intenman, seems deliberately to have more celebrated Astros teammate. snubbed Mike Scott if he had not been on the disabled list? The more we relish these two

squads, the more it seems that the vinner Tuesday night should have up eight hits and three runs and to play The Hall of Famers Who walked three batters in wining his Aren't Here the following morning.

100th game as an Astro. He won What we have in Cincinnati is 138 for the California Angels in the expense of more important players not a youth movement. It is infant American League. including Joe Carter, Mark Lang-including Joe Carter, Mark Lang-ston (three strikeout titles in four have had 10 or 20 fine years, when games for Cleveland of the Nation-ston (three strikeout titles in four have had 10 or 20 fine years, when games for Cleveland of the Nation-Young won more than 100 tories in seven years) or Lou Whi- flashes with names like eye charts and then for Boston of the Ameriand the Giants set a team record iaker. Sure, Mike Greenwell is a who have had an entire hot month? can League early in this century. Or, in some cases, even two. "The never been too concerned

GBG GBG GTG-T '3 G

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100 003 031-0 13 1 000 010 361-5 14

900 813 816-3 9 6 913 888 98%-4 6

012 110 020-7 14

Auroty (8), Williams (9) and Diaz, W—Cor-mon. 5-5. L—Rilo, 9-4. Sv—Bedrosion (15).

Gooden, Leach (7) and Carter; Knepperand Lloain, W—Knepper, 9-2, L—Gooden, 11-5.

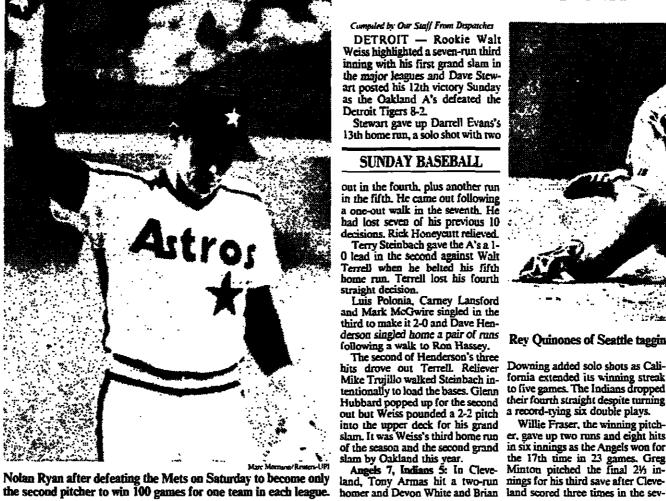
Seturday's Games AMERICAN LEAGUE

Banichead, Jackson (7), Sourry (9) and Val-le; Stattlemyre, Cerutil (4), Elichhorn (4), Clency (7) and Whitt, W-Bankhead, 43, L-

Welch, Cadaret (7), Nelson (8) and Stein-

bach: Tonano, Hensaman (7), Hernandez (8) and Nokes, W—Tonano, 11-4, L—Welch, 10-5.

(24). Defroit, Evens (12), Whiteker (6).



HOUSTON - Nolan Ryan be someday when I'm out of the

joined Cy Young as the only other game and have some time to reflect

win 100 games for one team in each 41, said after the game Saturday.

pitcher in major league history to

Ryan, the all-time career strike-out leader, fanned five to increase

his National League-leading total

for the season to 130 and his career

fifth with a four-run rally. After

walks to Gerald Young and Kevin

Bass, Glenn Davis singled in

Young, and Buddy Bell singled in

tional walk to Rafael Ramirez

loaded the bases. Craig Biggio

Ryan pitched 71/3 innings, gave

n the late 19

walked to drive in Bell.

Houston took a 6-3 lead in the

New York Mets.

total to 4,677.

with numbers or records, but mav-

it will have some meaning," Ryan,

win 100 games in each league. Cy

SATURDAY BASEBALL

Young, Gaylord Perry, Jim Bun-

ning and Ferguson Jenkins are the

Ryan and Young, have won at least

100 games for different teams. The

others are Pud Galvin, John Clark-

son, Bob Caruthers, Grover Alex-

losing streak for Ryan and a seven-

game personal losing streak against

"I'm just glad to get the losing streak behind me," Ryan said. "I

wasn't thinking about the 100 wins.

I'd just as soon get it against the Mets and get it behind me." Giants 21, Cardinals 2: In San

Francisco, Chris Speier hit for the

cycle for the second time in his

career, Kevin Mitchell tied career-

for runs as they thrashed St. Louis.

The victory snapped a five-game

ander and Lefty Grove.

others. Seven pitchers, including pitchers.

He also is one of five pitchers to

Weiss Grand Slam Powers A's Past Tigers

Compiled by Our Staff From Dispatches DETROIT - Rookie Walt Weiss highlighted a seven-run third inning with his first grand slam in the major leagues and Dave Stewart posted his 12th victory Sunday as the Oakland A's defeated the

Detroit Tigers 8-2. Stewart gave up Darrell Evans's 13th home run, a solo shot with two

SUNDAY BASEBALL

out in the fourth, plus another run in the fifth. He came out following a one-out walk in the seventh. He had lost seven of his previous 10 decisions. Rick Honeyoutt relieved.

Terry Steinbach gave the A's a 1-O lead in the second against Walt Terrell when he belted his fifth home run. Terrell lost his fourth Luis Polonia, Carney Lansford

and Mark McGwire singled in the third to make it 2-0 and Dave Henderson singled home a pair of runs following a walk to Ron Hassey. The second of Henderson's three hits drove out Terrell. Reliever Mike Trujillo walked Steinbach in-

tentionally to load the bases. Glenn Hubbard popped up for the second their fourth straight despite turning out but Weiss pounded a 2-2 pitch a record-tying six double plays. into the upper deck for his grand slam by Oakland this year.

Expos 9, Braves 4: In Atlanta,

straight triumph.

fourth straight victory.

Dibble earned his first major- power Seattle.



MONDAY SPORTS

Rey Quinones of Seattle tagging out Toronto's Kelly Gruber at second in the third inning Saturday.

Downing added solo shots as Cali- enth off Sherman Corbett, Minton fornia extended its winning streak allowed two hits. to five games. The Indians dropped

Willie Fraser, the winning pitchslam. It was Weiss's third home run er, gave up two runs and eight hits all singles, en route to his third the 17th time in 23 games. Greg

of the season and the second grand in six innings as the Angels won for

Orioles 2, Rangers 1: In Balti-

more, Ken Gerhart and Mickey Tettleton each singled home a run and Jose Bautista scattered six hits, straight triumph. The rookie right-hander struck out three and walked none over 7% innings.
Blue Jays 5, Mariners 0: In To-

ronto, Jimmy Key pitched a fivehitter over eight innings for his third consecutive victory since remrning from elbow surgery and Rance Mulliniks's two-run homer keyed a five-run first as Toronto blanked Seattle. Eric Davis doubled home the go- jor-league homer and Steve Bal-ahead run in the seventh and Rob boni blasted a three-run shot to

batters beyond first base against Key, who struck out two, did not walk a batter and lowered his ERA

run in the ninth, and reliever Rick Anderson pitched 31/2 scoreless in-

above the left-field wall to rob Jack Clark of a homer.

two runs with two out in the ninth inning to rally Milwaukee.

Molitor grounded into a fielder's proud to be a Dodger. choice putting runners at first and Lasorda, hired to succeed the third. Molitor stole second and late Walter Alston as the Dodgers' Saturday, doubled to left.

League, in Houston, pinch-hitter Rafael Ramirez singled home Kevin Bass with two outs in the ninth

inning, lifting the Astros. Ramirez's hit capped a two-ru. Houston ninth, making a loser of Roger McDowell.

Reds 5, Phillies 4: In Cincinnati. Eric Davis drove in three runs with a home run and a single to help Cincinnati right-hander Jack Arm-strong get his first major-league

Davis drove in the Reds' first run with an infield single in the first and hit a two-run homer during a three-run fifth off Shane Rawley,

who lost his fifth straight.

■ Lasorda's Pact Extended

Lasorda, 60, is in his 12th year as the Dodgers' manager and 39th with the organization, for whom he Willie Wilson led Kansas City's also was a player, scout, minor 14-bit attack with four singles and Bo Jackson prevented the Yankes \$500,000 annually, was scheduled

With one out in the ninth, Darryl ter would allow me to manage this Hamilton reached first on an in- ball club for two more years," Lafield single off loser Keith Ather- sorda said. "I'm a very, very lucky ton. Charlie O'Brien singled and man. I love the Dodgers very much. Hamilton stopped at second. Paul I'm going to die a Dodger. I'm very

titles, three pennants and the 1981 Astros 6, Mets 5: In the National World Series championship.

SCOREBOARD

BASEBALL

[']friday's and Saturday's Major League Line Scores

to, Virgii (8).

New York

and Davis;

Son Francisco

First Game 661 663 186—5 11 2 206 030 16x—6 10 2 Smithson, Botton (7) and Cerone; Reuss, InDavis (6), Thigner (8) and Salos. W— InDavis, 22 L—Smithson, 23, Sw—Thigner

820 170 080—10 16 1 410 000 902— 7 8 2 Elisworth, Lomp (2), Smith (9) and Ged-man; Long, Resembers (5), Patterson (5), Horton (9) and Korkovice, W.—Lamp, 3-3, L— Long, 3-4, HRs.—Boston, Burks 2 (10), Chicago.

-Korkovice (3), Boston (8).

Koreas CIII (3), Boston (8).

Koreas CIII (3), Boston (8).

Hew York 900 800 800-8, 4 3

Gebiczu and Macforlane; Candeloria, Solderaladd (6), Allen (9) and Slaughi. W—Gubiczu, 12-5, L—Candeloria, 9-5, HR— Kansas City, Jackson (11).

Davis, Codoret (7), Eckersley (8) and Has

Davis, Codores 17.7 mm.
sey: King, Nernandez (6), Henneman (8) and
sey: King, Nernandez (6), Henneman (8) and
sey: Color (6), 64. L.—King, 1-1. Se—Eckvaley (26), HR—Oakland, AcGevire (16),
Texas 306 122 466—8 13 2
Battispere 208 618 660—5 4 9
Gazznan, McMartry (7) and Stanley: Bot-Battispere 200 008 900—5 4 9 Guzmon. McMurtry (7) and Stanley: Battisperi (4), Thurmond (6) and Kennedy. W.—Guzmon. 9-6. L.—Batlerd, 4-6. Sv.—McMurtry (1), HRs—Texas, O'Brian (9), Battisperi (1), Battisperi (1), Battisperi ore, Murray (12), Kennedy (1).

Milmeseta
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Minneseta
Wegman, Mirrobella (7), Crim (7), Piesoc
(8) and O'Brien: Blyleven. Berensuer (8) and
Loudner. W.—Wegman, 8-6. L.—Blyleven, 7-7. Swift and Valle: Flandgan, Ward (8) and Whith W—Flandgan, 8-6. L—Swift, 6-6. Sv— Ward (7). HR—Seattle, Balboni (6).

411 000 100-7 14

Major League Standings american Léague

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34 52 NATIONAL LEAGUE .616 .565 .534 .518 442 B 36 48 L Pcf. GB

British Grand Prix

33:39.711. 1 24 27,745. 5. Nelson Plauet, Brazil, Letus Honda. 1;34:37.202.

tron, one lap benind.
7. Eddie Cheever, U.S., Arrows Mei ne 100. 9. Gerhard Berger, Austria, Ferrari, one los. 18. Saturo Nakolima, Japon, Lotus Hondo.

& Derek Warwick, Britain, Arrows Maga-

DRIVER STANDINGS Algin Prest, France, 54 points 3. Gerhard Berger, Austria, 21 Neison Plausi, Brozit, 15 Michele Albarela, Ilaiv, 13

man; Perez, Horion (7), Thigpen (8) and Kar-kavice, W.—Perez, 8-5, L.—Balton, 6-1, 5v.— Thigpen (17), HRs.—Baston, Surks (11), Chi-cago, Passua (10), Walter (e), Baston (y). Second Game

966 661 967 4-8 11 G Chicago 018 act 000 6—2 4 2 Clothers. Smith (9) and Carone; Bittleer, Dovis (7), Horton (10), Patterson (10), Rosen-bers (10) and Salos. W—Smith. 2-4. L.—Horton.

(9). HRs—Bo Magrane, Worrell (8) and Pena; LaCass and Melvin, Brenty (9), W—LaCass, 7-4. L er, Sanchez (4), Montgomery (7), Glea-and Quirk: Rhoden, Righetti (7), Hud-

Drabek, Jones (6), Rucker (8), Gett (9) end Lovaliliere; Leary, Holfan (4), Crews (6), Pena (8) and Sciaccia, Demosey (9), W—Dra-bek, 6-5, L—Leary, 7-6, HR—Los Angeles, NATIONAL LEAGUE

Tudor, Costello (3), Forsch (5), Peters (6). Davley (\$) and Lake, Posnozzi (6); Do ncm (9). W--Downs, 8-7. L--Tudor, 4-4. HRs

vin (a), Clark (29), Riles (1),
Philoderiphis 918 939 000—3 7 2
Clacimoti 907 829 39x—6 9 1
Ruffin Harris (5), Tekulve (7) and Russell;
Brownins, Dibble (7), Franco (9) and Diaz.
W—Dibble, 1-0. L—Tekulve, 2-5, Sv—Franco
(13), HRS—Philodelphia, Russell (1), Bradley

002 606 629—4 8 2 nez, Hesketh (8), Parrett (9) and San-

Sutcliffe, DiPino (3), tancaster (6), Perry (8) and J.Davis; Whitson, McCullers (7),

000 De1 010-2 7 8 son (\$) and LaVaillere: Hi ges. Orasco (4), Hawell (7), Hetton (8) and Sciescia. W.—Dunne. 6-7. L.—Hillegos. 2-2. HRs—Pittsburgh, La Voillere (1), Bonds (15).

TRANSITION

American League
BOSTON—Placed Bruce Hurst, pitcher, on
the 15-day disabled list. Called up Steve Curry,
pitcher, from Powtucket of the International
League. BASEBALL CALIFORNIA-Figored Dorrell Miller. colcher, on the 15-day disabled list retroctive to July 7. Purchased the contract of Deus

NEW YORK—Recalled Randy Valords, in-Heider, from Columbus of the International League, Optioned Jay Buttner, outfletder, to SEATTLE—Sent Dave Hengel, outlielder

to Calgary of the Pacific Coasi League, Re-called John Robb, Infielder, from Calgary, TEXAS—Placed Larry Parrish, designated titler, on waivers for the purpose of given Mational League
HOUSTON—Fred Signley, director of base

helder, from the 15-day disabled list. Options Herm Winningham, outfleider, to Indiana, its of the American Association. LOS ANGELES—Purchosed the contract of dson, inficider, from Albuquerqu

well, elicher, from the 71-day disc BASKETBALL National Baskethell Association CLEVELAND—Extended the contract

FOOTBALL Canadian Football League
BRITISH COLUMBIA—Released Bront
Bengen, Sammy Greene, Som Moore, Ronald
Robinson and Eric Streater, wide receivers: Robinson and Eric Strater, white receivers: Walter Briggs, quarter back; Dwayne Durban and Tyrone Crews, linebackers; Mack Moore, defensive tockle; Freddle Sims, rumine back; Marcus Thomas and Sfeve Bouyé, de-fensive backs; Ray Kurtz, kicker, and Deve the house of states in linearing.

Vankoughnett, affensive lineman. CALGARY—Released Curtis Alien.comer-CALGARY—Released Livins Atlant Con Introde: Developin Beverity and Kirby Worren, running backs; Milke Henry, linebacker; Derrick Taylor, and Jeff Yousle, defensive backs; Chris Bleve, fisht end; Kent Look, defensive end, and Gree Reynard, defensive lineman. Acquired Alike Radriguez, detensive tockle.

National Football Liegue
DALLAS—Signed Microel Irvin, wide

(8) and Biggia. W—Ryan. 6-7. L—Aguliera. 0-4.

SEVENTH STAGE From Wasquetos to Reims (225.5 kilometers/135 miles) 1, Valerio Tiboldi, Italy, 5 hours, 27 min seconds - average speed 41,355 kph, cisco, Speier (2), Mitchell (9), Ma

Reds 6, Phillies 3: In Cincinnati, ronto, Greg Briley hit his first ma-

9, Marc Sargont, Belgium, s.t. 18, Michel Vermote, Belgium, s.t. 240 020 010-9 13 1

> From Reims to Nancy (219 kilometers/136 miles) 1. Rolf Golz, West Germany, 5 hours, 2 nne de Wilde, Belgium, sam

ieve Bauer, Canada, 2 elle Nijdom, Netherio 2. Jelle Nildom. Netherlands. 10
3. Eric Breuklink, Netherlands. 43
4. Charty Matter, France. 1:01.
5. Jean-Francets Bernard, France,
6. Roberto Visantini. 1104y. 1:03
7. Rall Gotz, W.Germany. 1:32
8. Sean Kelly, Ireland, 1:44
9. Gilbert Duclos-Lossalie. France,
10. Fraderic Brun, France, 1:52
11. Parkry Debarra. Spain. et 1.54 18. Frederic Brun, France, 1:32
11. Pedro Debada, Sools, at 1.54
12. Claude Criquiellon, Belgium, at 2.83
13. Eric Vandergerden, Belgium, at 2.84
14. Toni Rominger, Switzerfand, s.i.
15. Michael Wilson, Austric, at 2.12
16. Jerome Simon, France, at 2.18
17. Gury Nuiens, Belgium, at 2.36
18. Sean Yafes, Britain, at 2.41
16. Sean Yafes, Britain, at 2.41
16. Sean Yafes, Martin, at 2.41

TENNIS

U.S. PRO CHAMPIONSHIPS

Bruno Oresor, Yugoslavia, dei, Michael Ku-ros, Czechoslovakia, 6-3, 6-3 Lawson Duncon, Asheville, N.C., def. Aaron trickstein, Grosse Pointe, Mich., 7-5, 6-2. Tom Muster, Austria (8), def. Andre Agassi, Los Veges (2), 6-1, 6-4.

SWISS OPEN MEN'S TOURNAMENT

chez (2), Spain, 4a. 7-6 (6-6), 7-6 (7-4).
Serelo Casal, Spain, def. Marian Valda,
Czechoslovakia, 4-6, 6-3, 6-4. Jokob Hlosek (7), Switzerland, def. Milan Sreiber, Czechoslovakia, 6-4, 7-5. Horst Skaff, Austria, def. Andres Gamez (3), tor, 7-6 (8-6), 4-6, 7-6 (7-3).

GUNZE WORLD TENNIS TOURNAMENT (at Osako, Jose Mee's Final wate, U.S., del. Jimi

Cohill def. Hiosek, 6-3, 6-4, 7-6 (7-2).

Cotili det. Skoft, 6-1, 6-1.

The Expos have won nine of costly errors in California's threetheir last 10, going 6-1 against At- run eighth inning as t lanta in that stretch. Montreal col- lost their third staright. run eighth inning as the Indians

Orioles 4, Rangers 1: In Balti-more, Jim Traber and Ken Gerhart lected 13 hits against five Atlanta Pirates 8, Dodgers 2: In Los An- hit consecutive homers off Charlie geles, Mike LaValliere and Barry Hough to power the Orioles. White Sox 8, Red Sox 7; Red Sox 8, White Sox 2: In Chicago, Bonds each stroked a three-run homer, powering Pittsburgh to its

Roger Clemens struck out 15 and Padres 4, Cubs 2: In San Diego, combined on a four-hitter with Lee Ed Whitson allowed only five hits Smith, and Boston scored six runs and the Padres scored in each of the in the 10th inning to gain a split of first four innings to hand Chicago the double-header. In the first game, Dan Pasqua, Greg Walker its fourth straight loss.

Tigers 4, Athletics 3: In the American League, in Detroit, Lou homers in the fourth inning to

Whitaker hit a three-run homer in spark Chicago Brewers 5, Twins 4: In Minnethe third inning and Darrell Evans had a solo shot in the second as apolis, Jim Ganter, a pinch-hitter, Sparky Anderson posted his 800th singled home two runs with two out triumph as the Detroit manager. in the ninth, rallying Milwaukee. Yankees 5, Royals 3: In New He had 863 as manager of Cincintwo runs to highlight a three-run

Mariners 9, Blue Jays 3: In To- fourth inning for the Yankees.

victory.

The Mariners advanced only two

Angels 8, Indians 5: In Cleveland, Tony Armas went three-for-Hubie Brooks drove in three runs four with a three-run homer and Royals 5, Yankees 3: In New to send Montreal to its sixth four RBI, and Cleveland first base-York, Frank White snapped a seventh-inning tie with a sacrifice fly and doubled home an insurance les. man Willie Upshaw committed two

> nings for his first victory. from tying the game in the bottom of the seventh when he leaped

Tom Lasorda, the dean of major league managers, was given a contract extension through 1990 by the Los Angeles Dodgers, The Associ-

to expire at the end of this season.

Lasorda said he agreed to the extension during a dinner meeting Brewers 3, Twins 2: In Minne-apolis, Jim Gantner doubled home ley, owner of the Dodgers, and it was announced Friday.

"I'm extremely honored that Pe-

singled home the manager on Sept. 29, 19 game-winner in the ninth inning guided the team to five division

The Original Grand Slammer

Don Budge, 50 Years After His Sweep, Is Betting on Graf

By Dave Anderson

New York Times Service NEW YORK - in baseball, a grand slam is as common as a hinestone. But in tennis or golf, a

four precious jewels.
As the Australian and French champion, Mats Wilander had an opportunity for a tennis Grand Slam this year. But even as Wilander advanced to the Wimbledon quarterfinals, Don Budge doubted

"Mats is a good player," he said. "But he's not a Jack Kramer or a Pancho Gonzalez or a Rod Laver or a Fred Perry."

Or a Don Budge. Now 73, the

calendar year.
Rod Laver later did it twice, in 1962 and 1969. Maureen Connolly did it in 1953, Margaret Court in 1970. And now Budge believes

champions dinner," Budge said. "I told her. When, not if, but when you win the U.S. Open for your Grand Slam, I hope they'll let me present the trophy to you.

tralian, French and Wimbledon tournaments. "I thought John McEnroe might get the Slam a few years ago,"

anyone, but he never won the win anywhere on any surface, like French and then he had some prob- Rod Laver did. Laver was really lems. And it's tougher now to do it one of the super players." than when I did it. There are six fellows now who can win any of the champion in 1937. Budge had been four Grand Slam tournaments."

lander and McEnroe. Budge sounded as if he liked Becker's chances the best.

good players" in a tournament the French." draw of 128.

don't take time off to work on their and in Auckland, New Zealand. game, to move it up a level." Bjorn Borg, for example, won five consecutive titles on Wimbledon's grass, but never won the U.S.

"Nine times Bjorn played in the Open, nine times he didn't win," Budge said. "To me, that means something's wrong.
"Bjorn had good discipline. He didn't lose because he wasn't in

"He has more natural talent than condition. But if you're great, you As the Wimbledon and U.S.

offered \$50,000 plus one-third of His six were Stefan Edberg, Ivan
Lendl, Boris Becker, Pat Cash, Wi"But I turned down "But I turned down Jack Harris's offer," he said. "I told him we had won the Davis Cup that year and I

wanted to defend the cup. And by "He's so young and he's having then I also wanted to try to win al such a good time," Budge said, four major titles in the same year. "but he's got to realize that he must Looking through a record book, I do something different." had noticed that not even Bill Til-The Grand Slam is tougher now, den had done that. What surprised he said, because of "so many more me was that Tilden had never won

In those years, people went to You have players ranked 15th Australia by ocean liner, as Budge

"We had a 23-day voyage from

"Back when Fred Perry was the Los Angeles," he said. "When we best, there was no one else in con-stopped at Honolulu for 10 hours, tention. Ellsworth Vines, the same we got off the boat and played a thing. And I was a little bit above few sets. We also played when we everybody else. But the kids today stopped in Pago Pago, and in Fiji Budge defeated John Bromwich in the Australian final, then sailed

> "I had another six-day voyage to Europe for the French and Wimbledon, but those trips agreed with

> me," he said. He defeated Roderick Menzel at the French Open and then Bunny Austin at Wimbledon.

In the Forest Hills final, Budge defeated Mako in four sets. "The next day Allison Danzig wrote in The New York Times that I had completed a 'grand slam,' the

tennis equivalent of what Bobby Jones had done in golf in 1930," he said. "The Slam helped me get a \$75,000 guarantee to turn pro. I made \$148,000 in 1939 and had to pay only \$2,080 in taxes. And that Forest Hills final in 1938 took only about an hour and

three-quarters."

about Steffi Graf. No delays, he said. "She doesn't fuss around. She plays with a purpose. Most of these players today, by the time the match is over, your clothes could go out of style."

"That's another thing I like

But because of Don Budge, the tennis Grand Slam will never so out of style.



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1. Ayrton Senno, Brotil, McLoren Hondo, 1 hour, 33 mins, 16367 secs, ave. Sees 124,142 mph (199,781 km).

10. Jonathan Palmer, Britain, S

110 300 00x-5 12 1

ceiver, to a four-year contract; Scott Secules.

juarierback, to a series of one-year contracts. GREEN BAY—Signed Bud Keyes and Agreed to terms with Artis Jackson, nose tackle: Kerwin Bell, quarterback, and David MINNESOTA—Steve Freeman safety, re-

ilred.
NEW ORLEANS—Signed Craig Heyw running back, to a three-year contract,
PHOENIX—Signed Tray Johnson and Dan
Holmes, wide receivers.
SAN FRANCISCO—Signed Rannie Latt,
safety, to a three-year contract, Agreed to
terms with Derrick Crawford, wide receiver,

HOCKEY Notional Hackey League BOSTON—Signed Gary Galley, defense-man, to a one-year contract and sent a 1989 third-round grott choice to the Wo

OLYMPICS

U.S. BASEBALL FEDERATION-Grees

Oisan, pitcher, has asked for and been granted his release from the U.S. Senior National ARIZONA-Anthony Smith, detensive line man, has transerred to Arkena from Ala-borna and will be eligible for the 1999 season. CLARK, GA.—Named William Spencer

CINCINNATI—Kevin Williams, forward, has left the basketball team, Named Mark Pitiman assistant men's basketball cooch, EAST TEXAS ST.—Named Dr. Margo Marbison omietic director. contract.
NORTH CAROLINA-WILMINGTON-

RUTGERS—Named Jeff Van Gundy men's zsalstanti part-time basketball atech. SQUTH CAROLINA—Reinstated Ryan office, wide receiver, from his suspension.
WASHINGTON—Named Debbie Buse
omen's velleyball coach.
WESTERN CAROLINA—Named Dan Pe-

CYCLING

the 800 mark in each league.

Tour de France

4. Eddy Planckaert, Beiglum, some tin 5. Sean Kelly, Ireland, s.t. 6. Adri von der Poel, Netherlands, s.t. 7. Davis Phinney, Boulder, Colo., s.i. 1. Jean-Philippe Vandenbronde, s.f.

EIGHTH STAGE

OVERALL STANDINGS

Jonusz Kuum, Norway, at 243 Niguel Indurain, Spain, of 255

der. Sweden, 7-6, (7-4), 6-1,

Muster del. Oresar, 7-5, 6-0. Duncon det. de la Pene, 64, 62

rren Cobill Australia, def. Emilio Sor

Statil Grot, West Garmony, Inlaeva. Bulgaria, 6-0, 6-0.

Grand Slam is a velvet pouch with

that the Swede would win the title.

original Grand Slammer and his wife, Lori, live in Dingmans Ferry, Pennsylvania, when he's not taking bows all over the world on the 50th anniversary of winning the Australian, French, Wimbledon and U.S. tennis championships in the same

Steffi Graf will do it. "I saw Steffi at the Wimbledon

Budge will also complete his ceremonial Grand Slam at Flushing Meadows in September. He has already been applauded at the Aus-

Budge said.

or 20th or 30th, each capable of and his doubles partner, Gene beating any of the top players on a Mako, did.

"We had



Steffi Graf, winning a tennis tournament in Osaka, Japan. on Sunday with a 6-0, 6-0 defeat of Manuela Maleeva of Bulgaria.

The Global Newspape

By David Richards

Washington Post Service
WASHINGTON — People tell Roger Stevens he looks good these days — and he does. There's color to his face and a twinkle has returned to his eyes. He won't say a burden has been lifted from his shoulders, but when he takes his morning constitutional through the streets of Georgetown, his step is notice-

ably springier.
At the next meeting of the Kennedy Center's board of trustees in August, Stevens will be officially signated "founder/chairman and his retirement from the institution he, more than anyone, got built and has kept alive will become reality. To the observation that he can now, at age 79, do as he pleases, Stevens responds crisply, "Well, I've always done what pleased me all my life. Except when I was in the navy."

Still, he has become his own man again — a man that few know, misled as they are by the trappings of power and by Stevens's own reticence. In him, you can now see what, arguably, was always there — a wry humor, warmth, wonderment and the lifelong modesty of one who measures not what he's accomplished, but what remains to be done. Only it's all closer to the surface. more easily intuited than ever before. When he received the Presidential Medal of Freedom last January, he was hard put to blink back the tears.

"From time to time," he concedes. "I've been perceived as a cold fish. The truth is the reason I appear aloof is I'm shy. I inherited it along with a lot of other qualities I have. Shyness is a stinking trait, I can tell you. But I just don't like to push in anywhere. I've never done anything I wasn't asked to do. I've been invited to join every club I belong

Last February, the publishing executive Ralph Davidson succeeded Stevens as the center's president and chief executive officer. When Stevens acquires his honorary title. Davidson will also replace him as chairman. Stevens says his new duties will be those

office and the use of a secretary. *Considering how much of my own cash I've put into this place. it does seem the least they could

do," he jokes. "And that's leaving out whether or not my services were worth anything." Whatever their market value, Stevens insisted on a token annual salary of \$1. While Davidson has been learning the ropes, Stevens has labored to lock as many attrac-

tions as possible into the center, which theatrically speaking, is largely booked well into the next What will Stevens do now, peo ple wonder. Better they should

ask, what won't he do now? He is on the boards of, among others, American Ballet Theatre, the Metropolitan Opera, the National Symphony Orchestra and the Academy of American Poets ("really a very good outfit"). He's a member of the President's Committee on the Arts and Humanities, and recently agreed to take over the chairmanship of the Na-tional Book Awards ("I'm going to spend some real time on that").

Two years ago, he founded the Fund for New American Plays, which aids nonprofit theaters in the production of original scripts with grants of as much as \$50,000. "I think it's working out quite well," he says of the fund, which late last month announced its most recent round of awards. "I may produce bad plays, but I do get good ideas."

Stevens also sees himself spending more time in New York. where he has long maintained an apartment in the Carlisle, in order to resume an active producing career on Broadway. He's got some properties in mind, but none that would reach fruition before next spring. It's unlikely that he would undertake them in conjunction with the Kennedy Center, though. "There would be too many conflicts of interest. It would be better for all concerned if I did them under the auspices of Whitehead-Stevens," he says, referring to his longtime commercial partnership

with Robert Whitehead. Stevens is not a man of words,

of any other trustee, although, by vote of the board, he retains his to the public utterances demanded of him, he has a well-earned reputation for inarticulateness, not to mention a notoriety for mangling names and play titles. What is precise in the depths of his own mind translates so obliquely in speech as to make one question how he accomplished so much. Yet in the 1950s, he made a fortune in real estate,

topping off his exploits by buying and selling the Empire State Building. He has produced more than 250 Broadway plays. He was chairman of the finance committee of the Democratic Party and set up the National Council on the Arts, the precursor to and now the governing body of the National Endowments for the Humanities and the Arts. "I really think the arts council was the best thing I ever did. We had such a wonderful bunch of people for the first five years. It was a great experi-

Stevens has never tabulated his theatrical earnings, although he figures "over the long haul, I've probably come out ahead. My interest in 'West Side Story' ended up being the most lucrative. I think I had about 40 percent interest in [Jean Kerr's] 'Mary, Mary,' and it earned \$3 million. That makes up for a lot of flops.
"But for the plays that were

really profitable, I usually had partners. Unfortunately, there were those plays I wanted to do that were not financially viable in my opinion, so I wouldn't drag partners into them." Often, in fact, he would end up pumping in more of his own money to assure them what he felt was a respectable hearing. Those who claim Stevens is just a businessman who wandered into the theater conveniently overlook that he has championed often at personal cost, such playwrights as Robert Anderson, Harold Pinter, Jean Giraudoux, Tom Stoppard, Arthur Kopit, Frederich Dürren-matt, Max Frisch, Jean Anouilh and William Saroyan.

"I don't think I'm particularly smart," he allows. "I'm outsmarted all the time. But then I never thought being smart was a matter

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ST GERMAIN EN LAYE



Roger Stevens: "I've always done what pleased me all my life."

of sitting people down and talking them into a deal. I just never looked at it that way. What I do best is solve problems and come up with new ideas. Ive inherited that ability and, if I say so myself. I'm terribly good at it. But that has nothing to do with being smart. It's a kind of intuition I was blessed with."

The Kennedy Center is such an integral part of the Washington landscape that one forgets the obstacles Stevens faced in the early 1960s, when it was still a gleam of an idea. Congress was dubious. big business uninterested and the arts community suspicious. Stevens eventually reconciled all three and the marble pillars went up, prompting the observation that he could forge an alliance "among a snake, a mongoose and

If ever Stevens debated the great philosophical issues of life, it was back in his youth, when he also liked to gamble at cards and smoke cigars. Now, when so many of his contemporaries are

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about?

about five years ago, when they screwed up a triple bypass operation and had to redo it, which hardly ever happens. Everything that shouldn't have gone wrong went wrong. I sometimes think I'll be lucky if I make 80. Strange thing about it is my parents were very long-lived. I used to say I never inherited any money from my family, but I did get a firstclass set of arteries.

"I guess I've never been sufficiently wrapped up in myself to question the purpose of things. I assume there's no afterlife and the mystery is bigger than any of us. but I've never gone to the trouble of worrying about it. You might as well try to be entertained while you're living the joke. You do the best you can." He always has.

dead, surely he has asked himself the big question: What's it all

"Well, I suppose one does, as one gets older," he shrugs. "After all, I had a real brush with death

least a Doctor's thesis."

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LANGUAGE

A Brief Thesis on Theses and Tezis

done at party conventions.

of history"? Watch this space.

W IGGLE ROOM is not a free-

play area in an especially permis-

sive child-care center, but a fre-

quently used phrase that means

implicit opportunity for later flexi-

bility, a political position permit-

ting interpretation leading to modi-

fication. Not quite an escape hatch

some people never get the word.

in the vagueness of the candidate's

That's how it was defined in this

space in which to turn around; an

to this day.

OF a way out.

By William Safire WASHINGTON —A thesis, in logic and rhetoric, is a propo-

sition - a theme to be discussed and perhaps proved by maintaining its good sense in the face of anticipated challenge and argu-

In Russian, the word is substantially the same, transliterated by us as tezis to reflect the Russian pronunciation in our different alpha-bet. The English plural is theses. pronounced THEES-ese, and the Russian plural is tezisy, pronounced TEZ-is-ee. These days, Muscovites are on

Tezisy Street. The hot new word in the vocabulary of perestroika is theses. Members of the world news media at the recent summit conference were handed pocket-sized maroon booklets titled "Theses of the CPSU Central Committee for the 19th All-Union Party Conference." Those who dared wade into the

morass of bureaucratese denouncing bureaucracy were struck by the use of the thesis technique: 10 theses, presented like arguable commandments, to be chewed over at the once-in-a-half-century confabulation. Whence this word? The Greeks

coined it for "the act of laying down," from the verb for "to put place"; that meaning still exists, like a vestigial tail, in the language of music, in which a thesis is a

Along came the mathematicians Leonard and Thomas Digges in the 1500s with a translation of Copernicus's theory about the earth circling the sun. Thomas Digges published a work in 1579 that discussed "The vulgare Thesis of the Earthes Stabilitie," a notion that Coperni-cus had been out to demolish. This sense of thesis as a "debatable proposition" is what the Soviets have picked up.

However, most Americans think of the norm as meaning a paper or dissertation written to obtain a doctoral degree (hairsplitting academics say it's a master's thesis but a doctoral dissertation); that meaning was taken centuries ago to describe a paper written to prove a

thesis. for suggesting that the U.S. Embassy be moved from Tel Aviv to Jeru-The academic reverence for such work was spoofed by Robert Hillyer in a poem addressed to Robert salem, which Israel has designated Frost: "Make me immortal in thy as its capital. The editorialist disexegesis — / Or failing that, at agreed, but found some satisfaction

Let us not confuse a thesis with a formulation: "He has thus left him-

hypothesis. The latter comes first; that is, the prefix hypo- means "under" (not hyper- "above"), and a hypothesis is placed under a thesis, laying its foundation. Although the laying are used interchangeably by picked up from an eminent textoog-rapher who did not have citations words are used interchangeably by those not steeped in logic, a nice distinction can be made: first

on hand for the confeet finlest phrase, wiggle room. comes the hypothesis, which can be pretty wild, a tentative explanation The term is wiggle from No in-terpretations, no modifications, no slipping out of the commitment. unsupported by fact, and then a thesis, which is a better-developed

Here comes Georg Wilhelm Friedrich Hegel with his famous THE U.S. Environmental Protection Agency's European pro-gram manager, David H. Strother, writes that he has been "assigned action on a letter than a Bel gian looking for the origins of the word litterbug" and has transpan dialectic: after the assertion of the thesis comes the opposition of the antithesis — apparently contradictory — but followed by a third proposition, reconciling the seeming contradiction on some higher level of truth, known as a synthesis.

The headline "47,000 Sales".
Litterbugs Pay \$107,000 in Fine in 1946 Drive appeared in the New York Herald Tubune on Feb. That's sometimes how deals are Curious that Mikhail Gorbachev should use theses as the verbal 16, 1947. That was the first room! framework for his struggle to redied citation of the term probably rect power in the Soviet Union. The most famous historical use of the adman in the New York City De word was at the start of a reformation likely to prove more lasting: Martin Luther, on Oct. 31, 1517, partment of Sanitation.

The comage was based on the bug, a 1934 coinage in the his color Cab Calloway song "fitter the describing those who enjoy the ha affixed his "95 Theses" to the door of the church at Wittenberg's castle, implicitly attacking the sale of papal indulgences and starting a netic movements of a denocation the Lindy. Jitterbug was consider a turn on the analogy of the which was based on the Real and theological argument that persists Did the Soviet leader use that bug a derogation of believes in trade barriers. As we can see the word deliberately to recall an earlier reform movement? Will his 10 slang noun bug has long meaning thusiast"; that sense has passet in the word has been used as a meaning to eavesdrop upon the theses wind up on what Leon Trotsky liked to call "the ash heap

> In return for this service to the EPA, I would like to get from the agency the origin of greatful of feet, the warming of the cities temperature caused by the increase in carbon dioxide produced by the burning of what are always called 'fossil fuels.'

annoy.

Ever since learning that hibble tuce was named after Major Join Bibb, the noted horticulturisi, [column four long years ago. But have been attimed to eponymy a coinage. However, it appears, the The editorial page of The New York Times, exercising its diatribal rights, castigated Michael Dukakis nobody named Greenhouse was in volved; the earliest sightings of the word were in a 1937 textbook by G.T. Trewartha, who wrote of a 'so-called greenhouse effect."

That means he picked it up from what people were saying. But with said it first, and where?

New York Times Service

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